



U.S. Department of State FY 2000 Country Commercial Guide: Kuwait

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I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Kuwait's commercial environment, using economic, political and market analysis. CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to

consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

Kuwait's GDP for 1998 was US\$25.314 billion, down 16.3 percent from the 1997 level of US\$30 billion. The decline was almost exclusively due to weak international oil prices, a phenomenon that saw the GDP contribution from the oil and gas sector to Kuwait's GDP fall from 40 percent in 1997 to about 31 percent in 1998. Per capita income for Kuwaitis declined 18.2 percent year-to-year, from US\$15,272 in 1997 to US\$11,151 for 1998, again, almost exclusively attributable to historically low oil prices. Kuwait should show positive growth of about 7 percent in GDP for 1999, provided international oil prices remain above the US\$13-14 range.

Kuwait's private sector supports the government's goals of diversification and privatization of the economy to counter abrupt fluctuations in world oil prices and, to maximize non-government employment opportunities for Kuwaiti citizens. A new National Assembly and Cabinet, elected and formed respectively in July 1999, will address an array of proposed economic and commercial policies, and political and social issues. Particularly important to government's economic objectives will be the National Assembly's approval of proposed Foreign Investment and Intellectual Property Rights laws.

The United States is Kuwait's second largest trading partner, after Japan. Excellent quality, reliability and service should help the United States maintain a strong position in this very competitive market, although the strong dollar continues to hurt our price competitiveness. U.S. exports to Kuwait increased 6.1 percent to US\$1.479 billion in 1998. However, U.S. exports are expected to increase only slightly in 1999.

The United States is engaged in more than 15 industrial and non-industrial joint ventures in Kuwait, accounting for more than US\$1 billion of direct investment. The largest venture is Union Carbide's petrochemical project EQUATE, a joint venture with Kuwait's Petrochemical Industries Company and a group of private investors. Kuwait imports a wide variety of U.S. military, industrial and consumer products. Defense trade remains as a major segment of the potential market for U.S. companies, as well as mega-projects in such sectors as: investments in upstream oil projects; electrical power generation stations; desalinization plants; telecommunications; and waste and water treatment. Leading industrial imports include oil field equipment/parts, aircraft parts, medical equipment and generators. Leading consumer imports include passenger vehicles and trucks and processed food products. Now that Kuwait's Environmental Protection Authority is fully staffed with more than 250 employees, there will be a growing demand for pollution control products and services. Kuwait is a highly price-competitive market with low tariffs (generally only four-percent ad-valorem), few import barriers and no exchange controls. Procurement for large public sector projects continues to dominate the business scene, as Kuwait accounts for little or no manufacturing and non-oil exporting.

High value U.S. food products with strong market potential in Kuwait include: frozen chicken parts, processed fruits and vegetables, cheeses, frozen beef, snack foods, almonds, fresh apples and pears, breakfast cereals, fresh carrots and lettuce, packaged rice and miscellaneous food products, particularly hot sauces, salad dressings, catsup, mayonnaise, vinegar, iodized salt, frozen dough mixes and coffee whiteners. Also, growth in the local food processing industry is driving up demand for semi processed products such as vegetable oils, including corn, soybean and sunflower-seed oils, beverage bases, dried pulses and a variety of food ingredients, particularly for the snack food and bakery sub-sectors. Finally, demand for U.S. forestry products, including hardwood, is on the increase.

Kuwait's oil wealth (10 percent of world oil reserves, 96 billion barrels) and substantial government investment abroad (estimated at US\$60-90 billion, possibly more) have created an affluent population. In 1998 its approximately 2.3 million people (of whom around 700,000 are Kuwait citizens) had a per capita GDP of USD\$12,487. As Kuwait's young population (48 percent less than 15 years of age, 70 percent under 24) matures, U.S. exporters will find a broad range of marketing opportunities. Also, pending the National Assembly's final passage of intellectual property protection laws, additional opportunities for U.S. suppliers of computer software, audio-visual entertainment products and books should occur.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.stat-usa.gov> or <http://www.state.gov> and <http://www.mac.doc.gov>. Paper or diskette copies are also available from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1800-USA-TRADE or by fax at (202) 482-4473.

II. ECONOMIC TRENDS AND OUTLOOK

MAJOR TRENDS AND OUTLOOK

Oil Sector:

The Kuwaiti economy is driven by oil production and related industries. The oil sector has essentially recovered to pre-war levels. Kuwait's crude oil production is currently less than 1.9 million barrels per day (b/d), and production capacity is estimated at 2.4 million b/d. The country's refining capacity is currently 895,000 b/d, almost 100,000 b/d above its pre-Iraqi invasion level. While crude oil production is currently limited to 1.84 million b/d under OPEC production agreements, Kuwait has plans to expand production capacity to three million b/d by 2000 and 3.5 million by 2005. Also, future plans call for expanding domestic refining capacity to one million b/d while developing additional refining and marketing capacity abroad.

Non-oil Sector:

Kuwait's non-oil economy grew by 2.9 percent in 1998, after a substantial increase of 10 percent in 1997, as domestic demand increased due to the return in the number of expatriate workers to almost pre-invasion levels. The nature of expatriate consumption has been affected by new demographics. Bachelor expatriate workers who tend to remit the bulk of their earnings home have replaced many of the Palestinians who lived in Kuwait with their families prior to the war. This has some major effects on consumer-oriented businesses that make up much of Kuwait's non-oil economy since the demand from this portion of the population (more than 60 percent) is now for less expensive items. The Government of Kuwait is considering measures to alleviate this and other associated problems caused by the demographic mix by allowing more expatriate workers to bring their families to Kuwait. On the other hand, it has embarked on a serious effort to replace higher-paid expatriate workers with Kuwaitis in both the government and private sectors.

Over the past several years, consumer and investor confidence has been aided by the relative success of Kuwait's program to collect payments due under its "Difficult Debts Law." This law offers significant debt relief and a mechanism to allow large Kuwaiti investors to recover from losses incurred during the Iraqi invasion and from the crisis of the Souk Al-Manakh (an informal stock market which collapsed in the early 1980's). Three installments on the amounts owed have been made with a majority of debtors making their scheduled payments. Equally important, the legislation implementing the difficult debt program has successfully survived court challenges from unhappy debtors. The money collected was used to retire government-issued Difficult Debt Bonds held by local banks. This has reduced government interest payments and generally helped strengthen bank balance sheets. The program, however, faced a setback in August 1998, when the GOK amended the Difficult Debts Law to delay a payment due in September 1998, largely due to sharp declines in prices for many Kuwaiti stock shares. The amendment rescheduled the fourth and fifth installment payments, spreading them over three payments rather than two. The first of these payments was due in June 1999, and debtor response was weak, possibly due to hope the GOK will further amend the debt law.

PRINCIPAL GROWTH SECTORS

Non-Oil Sector:

It is not clear whether the strong growth of 1996 and 1997 can be regained without continued progress by the government in implementing economic reform measures, including privatization. Higher oil prices and buoyant international financial markets have reduced budget deficits. But historically low oil prices and domestic pressures to increase government spending pose long-term structural challenges for Kuwait. Privatization may promote long-term growth in telecommunications, housing, power generation and health care if government plans are implemented, but implementing legislation has been stalled by fears of increased unemployment among Kuwaiti workers and resistance to higher costs that will result if heavily subsidized public utilities are privatized. If implemented, privatization

programs could offer significant opportunities in the following sectors:

-Telecommunications: Investors are still awaiting a long-promised privatization of Kuwait's government-owned telecommunications sector. The change, which could bring in Western companies as partners, may result in a restructuring of the country's telecommunications systems. Kuwait's Ministry of Communications has for some years allowed U.S. carriers ATT, MCI and Sprint to offer long distance services in the market. 1999 saw the launching of a major telecommunications privatization project in Kuwait with the chartering of the National Mobile Telecommunications Company (NMTC). NMTC is a private company that will offer a new mobile phone service in Kuwait, utilizing Siemens technology, with service scheduled to begin later in 1999.

-Housing: Kuwait provides a generous housing subsidy for Kuwaiti citizens. Although the subsidy tends to distort demand in the housing sector, it will likely be continued, creating, along with Kuwait's high population growth rate, high demand for residential housing. Kuwait's Minister of Planning recently stated that the government hopes to support the 3.3% annual increase in population. While an anathema to Kuwaitis, budgetary pressures and scarcity of building sites may drive movement towards multi-unit developments, rather than individual homes.

-Power Generation: The country's power generation sector remains a possible growth area given the rising demand for power in Kuwait. Consumption of electricity increased by 8 percent between 1997 and 1998, causing near brownouts during the peak summer season.

-Health Care: Kuwait is moving to privatize some of its health care services. This includes the establishment of private hospitals and possible private management of government-owned hospitals. In addition to the opportunities for management and construction of health care facilities, the Kuwaiti government will require mandatory health insurance for expatriates starting in January of 2000. This should create opportunities for health insurance and/or health maintenance organizations and provide funding for additional projects.

-Food Products: Principal Growth Sectors: Vegetable oils, frozen beef, breakfast cereals, poultry parts, cheeses, frozen and fresh vegetables.

Oil Sector:

Kuwait's government-owned oil sector is expected to continue to maintain its long-term expansion, subject to constraints imposed by OPEC quotas. One of the more exciting areas for growth is the emergence of a petrochemical industry in Kuwait exemplified by the US\$2 billion petrochemical complex in the Shuaiba Industrial Area. EQUATE, is a joint venture between Union Carbide Corporation (45 percent), the government-owned Petrochemicals Industries Company (45 percent) and Boubiyan (10 percent), a group of private Kuwaiti investors. The availability of intermediate petrochemical products such as ethylene, polyethylene and ethylene glycol is expected to open opportunities for a range of chemical and plastics manufacturing industries in Kuwait.

A GOK plan to expand oil production by 50 percent through production service agreements with major international oil companies also offers

significant opportunities for U.S. engineering, exploration and consulting firms experienced in enhancing production in existing oil fields.

Government Role in the Economy:

Kuwait's government plays a dominant role in the local economy, but is slowly declining as the government seeks to reduce its equity holdings in private Kuwaiti firms and privatized parastatal entities. This will be a slow and gradual process because the government faces considerable resistance to its efforts to wean its citizenry away from a system modeled on a socialist welfare state. The system results in an over regulated economy that restricts participation and competition in a number of sectors of the economy and strictly controls the roles of foreign capital and expatriate labor. The government has passed new foreign investment legislation to encourage foreign investment in Kuwait's private sector. By removing previous restrictions on majority foreign ownership and opening the Kuwait Stock Exchange to direct participation by foreigners, the GOK is seeking to lower barriers to private development. Tax holidays and the elimination of current restrictions against majority foreign ownership also are part of the new law, issued on June 4, 1999, allowing foreigners up to 100 percent ownership in Kuwaiti companies under certain conditions.

The GOK has implemented a successful program of divesting its equity holdings in a number of private Kuwaiti firms. These include interests in many of the major private companies in Kuwait and most of the nation's banks. In some cases, the government bought these shares to cushion companies from the effects of the Souk Al-Manakh stock market collapse of 1982. In other cases, GOK ownership was used to provide capital for local development. The divestiture program was implemented via a combination of public auctions through the Kuwaiti Stock Exchange, negotiated sales to strategic investors, or a combination of both.

Finally, the GOK is, by far, the largest employer of Kuwaiti citizens. 93.4 percent of the Kuwaiti workforce work for the government or government-owned companies. Through efforts to 'Kuwaititize' its work force, the Government of Kuwait, in effect, has guaranteed employment for all Kuwaiti nationals. While this has had a social benefit, at least superficially, it has resulted in over-staffed government ministries. It has also made it difficult for private companies to recruit and retain Kuwaitis for meaningful, but demanding, jobs at competitive wages. In order to address a growing unemployment problem among younger Kuwaitis, the GOK has recently created an unemployment fund that offers assistance to Kuwaitis until they can find jobs. Recent legislation also offers government subsidies for Kuwaitis employed in the private sector.

Kuwait Government Budget Allocations 1998-1999

Estimate:

(Billion US dollars)

1998	1999	% Change
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Income	8.09	7.36	(9)
Oil	6.27	5.83	(7)
Non-oil	1.82	1.53	(15.93)
Expenditure			
Salaries	4.39	4.40	.23
Goods and Services	1.05	1.14	8.57
Transport Equipment	.13	.10	(23)
Construction	1.44	1.14	(20.83)
Misc./Transfers	7.44	7.28	(2.15)
Total	14.45	14.06	(2.70)

Oil revenue is based on an estimate of US\$10 per barrel, well below the current price of US\$13-15 for Kuwait crude on the international market. Non-oil revenue is derived from corporate tax revenue (imposed only on foreign companies), customs duties and various government fees.

Balance of Payments Situation:

Kuwait had a 1998 trade surplus of US\$1.97 billion and a current account surplus of US\$2.59 billion. Given current strengthening of world oil prices, both surpluses are expected to remain healthy through 1999.

Infrastructure:

Kuwait is a small country and many of the challenges of distribution of goods and services found in other, larger countries do not exist in Kuwait. Kuwait has two modern ports, at Shuwaikh and at Shuaiba, which handle the vast majority of the country's imported goods. Both are equipped with facilities to manage most kinds of cargo, but Shuwaikh is the regular port of entry for most consumer goods entering the country by container ship. Shuaiba, located in Kuwait's refining and manufacturing complex, receives some of the country's industrial goods imports and is the export point for petrochemicals, sulfur and petroleum coke. Historically, Kuwait has been a major transshipment point for trade to Iraq. UN sanctions and the political situation in Iraq have eliminated this trade, reducing the overall volume and frequency of ship calls. In an effort to regain its former role as a regional transshipment point, the Kuwait government authorized establishment of a free trade zone in Shuwaikh port in late 1996, with implementation to begin this year. Initial interest in the FTZ is strong and over 60 percent of available space has reportedly already been leased.

Kuwait's road system is well developed, with modern multi-lane expressways linking all areas of the country. There are no railways in the country. Kuwait International Airport is located south of the city and is easily accessible by expressway. It has a number of regular flights to destinations in the Middle East, Europe and Asia and can provide service for the world's largest aircraft. Kuwait has several major electric power generating plants which, by incorporating desalinization operations, are also the source of the country's potable water supply. The country currently has adequate generating capacity, with plants that can be fired by either natural

gas or fuel oil. However, a surging population and subsidized prices have created a rapidly rising demand for electricity and water. The demand is particularly high during the summer months because of the need for extensive air conditioning when temperatures routinely reach above 130 degrees Fahrenheit. Planned expansion projects should be able to meet the demand for the foreseeable future.

III. POLITICAL ENVIRONMENT

Nature of Political Relationship with the United States:

The relationship between the U.S. and Kuwait remains strong. During the years since the liberation of Kuwait by the U.S.-led coalition forces, a shift has occurred in the buying patterns of the Kuwaitis, particularly in the government and defense sectors. The perceived "goodwill advantage" that American companies enjoyed because of the role the U.S. played in liberating Kuwait has given way to the pressures of strong competition from market forces and accelerated marketing efforts of other coalition member countries.

American companies are successful in winning a significant share of defense-related contracts, which are awarded largely on the basis of technical capabilities and price. U.S. technology is highly respected in the Kuwaiti market, and efforts are presently underway to develop technical standards for industrial and consumer goods that are compatible with those of the United States.

Major Political Issues Affecting Business Climate:

In terms of safety and security, U.S. firms should not find anything in Kuwait at the present time to interfere with normal business operations. U.S. firms should be aware however that Kuwait is considered a high threat country for terrorism. Kuwait has signed defense cooperation agreements with the United States, the U.K., France, Russia and China.

The government of Kuwait continues to pursue the 'Kuwaitization' of the labor force. Although initial plans to reduce the number of expatriates in the country are now seen as unrealistic, public and political pressure will continue for all firms and government ministries to reduce their dependency on non-Kuwaitis. An increase in the number of Kuwaiti employees will increase the demand for training, consulting, and educational services, which non-Kuwaitis as well as Kuwaitis will provide in the near future. The long-term goal of such training will be to replace expatriates with Kuwaitis, particularly in managerial, financial, engineering, computer and other technical areas. Kuwait will generally seek information technology to reduce the number of employees, especially expatriates.

With the passage of the new Foreign Investment Law, the GOK now encourages joint ventures between foreign and Kuwaiti organizations, and no longer requires that Kuwaitis retain majority ownership. This should go a long way toward attracting much needed interest from private investors.

Brief Synopsis of Political System, Schedule for Elections and Orientation of Major Political Parties:

Kuwait became an independent state in 1961. According to its 1962 constitution, Kuwait's head of state is the Amir, currently His Highness Shaykh Jaber Al-Ahmad Al-Jaber Al-Sabah. Succession as Amir is restricted to two branches of the ruling family descending from the late Mubarak Al-Sabah. The Al-Sabah family has ruled Kuwait since 1756. Executive power is vested in the Amir, who exercises it through his appointed Prime Minister, who traditionally is the Crown Prince, and Council of Ministers. The Amir formulates decree-laws, which are subject to the approval of the National Assembly when in session, and establishes public institutions. The National Assembly also has the power to initiate legislation. The Amir has twice (from 1976 to 1981 and from 1986 to 1992) suspended constitutional provisions by decree and ruled extra-constitutionally. The Amir may ask for reconsideration of a bill passed by the National Assembly and sent to him for ratification, but the bill would automatically become law if it were subsequently passed by a two-thirds majority at the next sitting, or by a simple majority at a subsequent sitting. The Amir may declare martial law, but only with the approval of the National Assembly. Kuwait is divided administratively into five governorates (Ahmadi, Farwaniya, Hawalli, Jahra and the capital Kuwait City), each headed by a governor who has ministerial rank and who is appointed on recommendation of the Minister of Interior.

The Amir and an elected National Assembly that is subject to Amiri dissolution share legislative power. The unicameral National Assembly has fifty members (2 each from 25 constituencies), each of whom serves a four-year term, as well as all sitting ministers. Normally, three National Assembly members (or deputies) sit in the Council of Ministers (or Cabinet). After being dissolved in 1986, the National Assembly was reconstituted after elections in October 1992. Elections by secret ballot are held every four years. The Amir again exercised his constitutional authority and dissolved the National Assembly in May of 1999 and elections were subsequently held on July 3, 1999. Since political parties are not permitted in Kuwait, candidates must nominate themselves for seats in the National Assembly. Beginning with the 2003 elections, Kuwaiti women will be enfranchised for the first time.

The National Assembly has assumed an active role in Kuwait's political life, enacting legislation, including the national budget. National Assembly members are free to criticize the government and to require Cabinet ministers to answer their questions. The National Assembly may pass a vote of no confidence in a minister, in which case the minister must resign. Such a vote is not permissible in the case of the Prime Minister, but the National Assembly may approach the Amir on the matter, and the Amir will then either dismiss the Prime Minister or dissolve the National Assembly. Parliamentary committees often scrutinize government actions, and in 1995, one committee released an investigative report, later referred to the Public Prosecutor, alleging widespread irregularities and malfeasance in past Defense Ministry procurement activities. The National Assembly has power over budgets. The judicial system includes courts of the first degree (criminal assize, magistrates', civil, domestic and commercial courts), a Misdemeanors Court of Appeal, a High Court of Appeal (for civil cases) and a Court of Cassation (in limited cases). Kuwait has a civil law system with Islamic law playing a significant role in personal matters.

According to the Kuwait Constitution, Islamic law is one, but not the only, source of Kuwaiti legislation.
Political Parties:

While political parties are banned, the government has taken no action against a number of political groups that act much like parties. The following informal political coalitions exist: Democratic Forum, a left-wing, Arab nationalist group; Islamic Constitutional Movement, a Sunni Muslim group affiliated with the Muslim Brotherhood; Islamic Popular Grouping, a "fundamentalist" Islamic group; and Islamic National Coalition, a dormant Shi'a Muslim group. The National Democratic Association is the newest of the groups, constituting itself in May 1997 as a moderate alternative to existing groups. Male political activity also finds its outlet in informal, family member-based social gatherings known as diwanis. Professional groups, bar associations and scientific bodies operate and maintain international contacts without government interference.

Workers' Rights:

Kuwaiti citizen workers, 92 percent of whom are government employees, have the right to join unions. Kuwaiti law, however, prevents the establishment of more than one union per functional area or more than one general confederation. Out of a total Kuwaiti and non-Kuwaiti labor force of 1,216,549 in 1997, union membership was only 50,000 people, mostly Kuwaitis (although foreign workers may also join unions as nonvoting members), organized into 14 unions. All but two of the unions, the Bank Workers' Union and the Kuwait Airways Workers' Union, are affiliated with the Kuwait Trade Union Federation (KTUF). The KTUF consists of nine civil service unions (35,000 members) and three oil sector unions (15,000 members), but the oil unions have equal representation (36 members) in the 72-member KTUF Assembly.

Collective bargaining by the union with the public or private sector employer may be appealed to the Ministry of Social Affairs and Labor or ultimately to a labor arbitration board, including officials from the Ministry of Social Affairs and Labor, the Attorney General's Office and the High Court of Appeals. Kuwait government workers are legally entitled to a minimum wage, but workers in the private sector are not. All workers in Kuwait are entitled to medical care and compensation for work-related injury or illness, including illness resulting from exposure to hazardous substances. Public health care is currently provided free of charge to all residents of Kuwait. However, the National Assembly has adopted legislation that will impose health insurance fees or require employers to cover expatriate laborers. Workers in the private sector have the right to strike, limited by compulsory negotiation followed by arbitration if a settlement cannot be reached.

Kuwait's foreign or expatriate workers, most working in the private sector, have the right to join unions, the right to receive a minimum wage in the public sector, the right to medical care and workmen's compensation in the event of a work-related injury or illness, and the right to strike in the private sector. Expatriates dominate the private sector in Kuwait, and postwar GOK efforts to reduce their numbers have failed. In 1995 the government lowered minimum salary requirements for expatriate workers applying for visas for their

families. A new draft labor law, currently being reviewed by the Council of Ministers, will benefit all workers, but especially expatriates, by establishing a private sector minimum wage, limiting the workweek for laborers, protecting domestic servants and deterring visa trading (the practice of importing unskilled laborers and selling their services by selling the laborers' residence permits to another sponsor).

IV. MARKETING U.S. PRODUCTS AND SERVICES

- Distribution and Sales Channels: There are numerous food importers who are also wholesalers and distributors. A handful of large local companies tend to dominate sales. Fresh produce importers also handle table egg imports and distribution. Consumer cooperative societies account for over 75 percent of food retail sales. In addition, there is one large, private food retail chain that is also an importer of consumer-ready products.

- Franchising: U.S. fast food franchises are highly sought after by local companies. Most of the major U.S. fast food franchises are already established in the market. A local sponsor is required.

- There is growing demand among processors/packers for bulk shipments of semi-processed food products for final processing and packing in Kuwait, particularly for vegetable oils, fruit juices, dry pulses, nuts and snack foods.

- Selling Factors/Techniques: U.S. suppliers should stress the high quality, U.S. origin, competitive price, and, if applicable, the new-to-market status of their products. Face-to-face contact with importers will significantly increase a company's prospects to do business.

- Pricing a Product: The average importer markup on food products is about 10-15 percent. Retail food prices are generally 25-30 percent above import prices.

- Agency Laws: Local agency laws are not strictly enforced and food products are sometimes imported by other than the designated agents.

Use of Agents and Distributors: Finding a Partner:

Foreign companies wishing to operate in Kuwait without setting up a Kuwaiti registered legal entity may only do so through a Kuwaiti agent. The local agent must be duly appointed through an agency agreement registered with the Ministry of Commerce and Industry. To identify Kuwaiti agents of foreign companies, American firms may address their inquiries to: Controller of Commercial Agencies, Ministry of Commerce and Industry, P.O. Box 2944 Safat, 13030 Kuwait, Tel: (965) 243-9992, Fax: (965) 241-1089. No foreign company is allowed to participate directly in a Kuwaiti tender. Commercial Law No. 36 of 1964 as amended by Commercial Law No. 68 of 1980 regulates commercial agency agreements.

Commercial agents who undertake to promote a product/service for a principal, negotiate deals on the principal's behalf, conclude such deals and carry them out. All contracts with the government valued at KD 100,000 (US\$340,000) or more are subject to Kuwait Law No. 25 which requires contractors/agents to report and disclose all payments they made/received, will make/receive associated with securing a contract. It should be noted that local agency laws are not strictly enforced in the case of foodstuffs.

Agency agreements should be registered with the Ministry of Commerce and Industry within two months of attestation by the Embassy of Kuwait in Washington, D.C., its two consulates, and/or the U.S. State Department. Agency or sponsorship agreements between the Kuwaiti company and the foreign company must be translated into Arabic by an official government translator and then registered with the Department of Commercial Agencies, Ministry of Commerce and Industry. At a later stage, it may be registered with the Kuwait Chamber of Commerce and Industry. Registration of an agency should not take more than two weeks from the time the documents are available in Arabic.

Agency agreements must include the following:

- 1) The geographic territory covered by the agency agreement;
- 2) The full range of products and services that the agent is representing;
- 3) The period of the agency agreement (which should be one year with renewal and escape clauses); and
- 4) The agent's fee is usually a fixed, but small percentage of any contracts awarded. The agency agreement may also include choice of laws and choice of forum clauses negotiated by the principal and the agent. The application of foreign laws, however, cannot contradict the public policy of Kuwait. The agreement between the two parties should indicate the nature of the agent's work, responsibilities of the parties and the commission to be paid to the agent. There is no statutory minimum notice of termination, but three months notice is customary. All agency contracts should include a termination clause.

An agent is obliged to act for the benefit of his principal and to follow the instructions of his principal; to maintain confidentiality on behalf of the principal; and to keep the principal abreast of market and legal conditions in Kuwait. Duties of the principal and the agent should be listed specifically in the contract.

If the agency agreement is terminated by the principal, it will probably be necessary to compensate the agent for investments made and good faith efforts undertaken, to promote, sell and service the principal's products and services. Agency termination, whether disputed or not, can be a costly matter.

Because of the highly price competitive nature of the Kuwait market, Kuwait merchants view a commission agent or a third party as a middleman that can be dispensed with. Thus, Kuwait merchants prefer to deal directly with the foreign manufacturer or its sole exporting

agent. By the same token, Kuwait firms normally refuse to be appointed as sub-agents.

Foreign consulting firms do not need local agents; however, they should register with the Consultants and Physical Planning Department at the Ministry of Planning to be considered for Kuwait government contracts. They also should work in association with a local consulting office.

Franchising:

Kuwaitis are very receptive to franchising. High per capita income (approximately US\$12,500), significant spending power, receptivity to novelties, tax-free earnings and an upwardly mobile population are indicators of the future growth of this market. Entertainment, automotive services, furniture, clothing and restaurants are some of the sectors which offer significant opportunities in the Kuwait franchise market. American firms dominate fast food restaurants, the most common type of franchise in Kuwait. Committees are formed in Kuwait to help fund small companies interested in franchising. A recently formed committee in Kuwait is in charge of providing jobs for Kuwaiti school graduates and is looking at franchises as business incubators. Franchising is expected to continue to grow in the next few years.

Direct Marketing:

Marketing in Kuwait is a competitive business. In addition to newspaper advertising, direct marketing through personal contacts is very effective. Direct marketing through the mail has also become popular and is expected to continue to develop, as the postal service system grows and modernizes. The British Postal Service won a contract to establish organized and systematic mail service in Kuwait, but most businesses still rely on courier services for their important, date sensitive mailings. The Ministry of Communications has also sought proposals to fully automate approximately 85 post offices. Direct marketing by television is also widespread through the satellite channels, and is an effective tool to reach conservative Kuwaiti and expatriate women in the privacy of their homes.

Though foreign firms are not allowed to have direct access to the Kuwaiti market except through local agents or distributors, direct marketing is possible through joint ventures with local firms.

Joint Ventures/Licensing:

Foreign investors are offered a number of incentives to participate in joint ventures with Kuwaiti firms, such as limited liability, partial relief from Kuwaiti corporate taxes, and management control options. A joint venture may be formed by two or more persons, who are then jointly liable for debts. Because all government procurement must be conducted with Kuwait citizens or firms, joint ventures between foreign investors and Kuwaiti nationals are often the best vehicle to gain access to this market.

It is usual for the terms and conditions to be set forth in a joint venture contract. A joint venture in Kuwait is not considered a legal entity, and as such, official notice by publication in the Commercial Register is not required. It is common for several foreign contractors involved jointly in major projects to form a construction joint venture or consortium. Joint ventures offer U.S. firms a way to alleviate Kuwait offset program requirements that provide for investing 30 percent of the contract's value in GOK approved projects, as they are liable for performing only their proportional share.

Steps to Establishing an Office:

As indicated, foreign firms can have direct access to the Kuwaiti market only through a local agent/partner. Any local company cannot have a legal personality and may not commence business until it is registered in the commercial register, and the official instrument under which it is formed is published in the Official Gazette. The official instrument must include the company's memorandum and articles and a declaration by the founders. This declaration should include a statement that the company founders have issued and paid for the subscribed shares and that the paid amount has been deposited in the company's account at a local bank.

After the business license is issued, incorporating the company normally takes about six months. The cost of incorporation is about US\$10,000. Renting an office, furnishing it and recruiting staff are the next logical steps. The minimum amount of capital required to establish a company is US\$25,000.

Selling Factors/Techniques:

Selling factors in Kuwait include reasonable price, good quality, attractive packaging, and effective after-sale service. Offering customers installment purchase plans and discounts for large volume purchases are common practices.

Selling techniques vary and include offering discounts; special sale discounts twice a year; free service for equipment purchased during a limited period; reduced prices or give-aways; warranties; and trade-ins; and organizing promotional sales. It should be noted, however, that official government approval is required for any sale discounts.

When selling food products, key points to stress are: competitive price, U.S. origin, high quality and new-to-market status, if applicable. Arabic labels are required. U.S. companies willing to print Arabic labels and provide promotional and marketing assistance will have a competitive edge. Face-to-face contact can significantly increase the chances of establishing successful business relationships.

Advertising and Trade Promotion:

Newspaper advertising in Kuwait is the most effective tool for communication with the public. In 1998, advertising expenditures in Kuwait reached approximately US\$194 million, with 43 percent of the media coverage in newspapers. Advertising is also available on several Kuwait Radio stations and on several Kuwait Television channels

(channel one, Arabic news and programs; channel two, English news and programs; and channel three, Arabic sports programs). Signs and panels run a close second to newspapers in popularity, accounting for sales of US\$56.2 million, or 29 percent of the market.

List of newspapers in Kuwait.

Arabic Newspapers:

- Al-Anba

P.O. Box 23915, Safat, Kuwait 13100. Tel. (965) 483-4772

- Al-Qabas

P.O.Box 21800, Safat, Kuwait 13078. Tel. (965) 481-2818

-Al-Rai Al-Aam

P.O.Box 761, Safat, Kuwait 13008. Tel.: (965) 483-7369

- Al-Seyasseh

P.O.Box 2270, Safat, Kuwait 13023. Tel.: (965) 481-6326

- Al-Watan

P.O.Box 1142, Safat, Kuwait 13012. Tel.: (965) 484-0451

English Newspapers:

-Arab Times

P.O.Box 2270, Safat, Kuwait 13023. Tel.: (965) 481-6326

-Kuwait Times

P.O.Box 1301, Safat, Kuwait 13014, Tel.: (965) 240-3727

There are a number of advertising agencies in Kuwait that serve U.S. and local companies' needs. Some of the following agencies work independently, while others have affiliations with U.S. or European firms. Some of the larger agencies are:

-Alam Al-Tassameem

P.O. Box 42202 Shuwaikh Kuwait 70652 Tel.: (965) 483-2007

-Al-Hamra Center for Advertising and Publicity

P.O. Box 8031, Salmiya, Kuwait 22037 Tel.: (965) 574-0361

-Alpha Boushahri Advertising

P.O. Box 547, Safat, Kuwait 13006, Tel.: (965) 244-0734

-Arab Advertising Agency

P.O. Box 2221, Safat, Kuwait 13023, Tel.: (965) 243-5921

-Camp, Saadeh and Skaff (CSS & Grey-Grey Advertising Affiliate)

P.O. Box 24299, Safat, Kuwait 13103. Tel.: (965) 240-3570

-Clued Media Group (DDB Affiliate)

P.O. Box 24270, Safat, Kuwait 13103. Tel.: (965) 532-7962

-Duna Advertising

P.O. Box 29395, Safat, Kuwait 29395. Tel.: (965) 243-8920

-Horizon Advertising Network

P.O. Box 20199, Safat, Kuwait 13062. Tel.: (965) 240-3371

-Ideas Unlimited

P.O. Box 25731, Safat, Kuwait 13118. Tel.: (965) 245-0400

-Impact and Echo (BBDO Affiliate)

P.O. Box 21081, Safat, Kuwait 13071. Tel.: (965) 243-8120

-Intermarkets

P.O. Box 20604, Safat, Kuwait 13067. Tel.: (965) 242-3773

-International Technology General Trading & Contracting

P.O. Box 64333 Shuwaikh Kuwait 70454 Tel.: (965) 244-4000

-Kuwait Advertising Establishment

P.O. Box 5773, Salmiya, Kuwait 22068 Tel.: (965) 484-5998

-Matrix

P.O. Box 26010, Safat, Kuwait 13121. Tel.: (965) 266-5151

-MEMAC (Middle East Marketing and Communications)

P.O. Box 27216, Safat, Kuwait 13133. Tel.: (965) 245-4700

-Multimedia

P.O. Box 28718, Safat, Kuwait. Tel.: (965) 243-5135

-Pan Arab Advertising Company

P.O. Box 2449, Safat, Kuwait 13025. Tel: (965) 240-0701

-Publiographics

P.O. Box 1035, Safat, Kuwait 13011. Tel: (965) 241-8511

-Radius Leo Burnett (Leo Burnett Affiliate)

P.O. Box 4455, Safat, Kuwait 13045. Tel: (965) 240-4967

-Retouch Advertising and Promotion

P.O. Box 3201, Safat, Kuwait. Tel.: (965) 245-8062

-Al Siham Promoseven (McCann Erickson Affiliate)

P.O. Box 24084, Safat, Kuwait 13101. Tel: (965) 244-4571

-Tihama Al-Mona International (TMI-J. Walter Thompson Affiliate)

P.O. Box 15363, Daiya, Kuwait 35454. Tel: (965) 246-0234

-Warba Graphic

P.O. Box 26992, Safat, Kuwait 13130. Tel: (965) 241-1761

Pricing the Product:

The selling price of an American product to an end-user in Kuwait includes the following elements in addition to the U.S. supplier's ex-factory cost: the manufacturer's profit, the U.S. inland

transportation, U.S. export packing & documentation, freight, insurance, Kuwait customs duties (on average 4 percent), Kuwait customs clearance and inland transportation (US\$175/container generally), the Kuwait agent's commission (typically 5-15 percent), the Kuwait agent's administrative overhead, provision for waste and damage, and installation in Kuwait (if U.S. personnel are required).

Common practice in Kuwait for pricing a U.S. consumer product is to substitute the Kuwaiti Dinar for the U.S. dollar in the U.S. supplier's export invoice price, in effect multiplying the U.S. FOB port of export price by 3.34. In the case of pharmaceuticals, the Ministry of Public Health limits the overall mark-up from importer to consumer to 70 percent. Industrial items sourced from the U.S. by private Kuwait firms to fill Kuwait government tenders must be priced to compete at world price levels.

The average importer's mark-up on food products is about 10-15 percent. Retail food prices are generally 20-30 percent above import/wholesale prices.

Sales Service/Customer Support:

U.S. firms intending to operate in Kuwait should ensure that their sales contracts contain a follow-up maintenance clause. This clause helps to ensure that the quality and the service of the product remain up to American standards.

Consumer warranties are normally given for goods such as electrical appliances, vehicles, watches, etc. Warranties range in length from 90 days to 4-5 years depending on the product. U.S. firms should establish a factory service center for their products. Independent service centers also repair and maintain most consumer products and goods.

After-sale service and customer support are crucial in the automotive and electrical home appliance sectors. Automobile dealers offer a one-year or 15,000-mile guarantee after sale. They may also offer discounted service fees on occasion. Home appliance dealers offer guarantees or warranties against appliance faults or failures. They either fix the fault at their expense or replace the appliance with a new one within a certain time after sale. Agents or dealers of home appliances may send their repair technicians to make house calls.

Selling to the Government:

Tender Law No. 37 of 1964 regulates government tenders. The Central Tenders Committee (CTC) acts on behalf of nearly all government departments, but is under the jurisdiction of the Council of Ministers. The Ministries of Housing, Defense, and Interior (including the security forces) can issue their own tenders independently of the CTC. All contracts with the government valued at KD100,000 (US\$340,000) or more are subject to Kuwait Law No. 25 of 1996 which requires contractors/agents to report on all payments they made/received (will make/receive) associated with securing the contract.

The CTC handles tenders for goods and services valued at more than US\$16,500 (KD5,000) that are sought by government ministries as well as public companies in the oil sector. Tenders are usually awarded on the

basis of the lowest price once technical compliance of the bids with the tender's specifications has been established.

Protecting Your Product from IPR Infringement:

Kuwait was placed on USTR's Priority Watch List in April 1998. After initial encouraging anti-piracy efforts taken by the Kuwaiti authorities in 1995 and 1996, the anti-piracy campaign deteriorated in 1997. However, 1999 has seen the passage of new copyright and patent protection laws that greatly improve the situation in Kuwait. The Ministry of Information has shown a willingness to enforce the Copyright Protection Law, having seized illegal products and fined violators during several raids on software and videocassette pirates in the first half of 1999. Vigorous enforcement and continued industry policing by private industry will be key factors in determining the effectiveness of the new laws.

Patents:

Kuwait has finally adopted a new Patent Legalization Amendment to the existing 1962 Patent Law. The new Amendment is intended to bring Kuwait into compliance with its WTO obligations. Protection is now available for patented inventions and know-how for up to 20 years, but must be renewed by application every four years. Patent infringement in Kuwait is punishable by a jail sentence not to exceed one year and/or a fine not to exceed KD5,000 (US\$16,500). The Patent Legalization Amendment was passed by Amiri decree and has the force of law. The decree must however, be submitted to the National Assembly, which may by an absolute majority vote to invalidate the decree. Absent such invalidation, the law remains in force.

Copyrights:

Kuwait's new Copyright Protection Law provides protection for computer software and related programs, video and music tapes/cassettes/CDs, cinema, drawings, original books and translations, and scientific papers. Officially adopted in June, 1999 by Amiri Decree, the new law stipulates rather light (by world standards) punishment for copyright piracy. Copyright violators are now liable for fines of KD500 (US\$1,650) and/or a jail term of up to one year - although penalties do increase for second offenses. As with the Patent Legalization Law, the Copyright Protection Law must be reviewed by the National Assembly, once elected and seated (July 1999).

Trademarks:

Kuwait has effective trademark legislation but, again penalties are light. Trademarks may be registered in Kuwait for ten years and renewed indefinitely for another ten-year period. If a trademark has not been used for a five-year period, an interested party can apply to the courts to have it canceled. Registration gives the owner the exclusive right to use the mark on the goods for which it is registered, and third parties can be prevented from using the mark on competing products. Registration procedures take about three weeks and require a US\$60 fee. Trademark registration is linked to the Kuwait agent; when a new agent is selected, the trademark continues in force under the old agent's name until the new agent registers the trademark.

Need for a Local Attorney:

Disputes arising out of business transactions fall in two broad categories. The first category concerns payment collection issues. This would include cases of American firms sending goods/commodities to a local firm that refuses to pay the full amount, claiming the goods do not comply with the terms and conditions of the letter of credit (L/C). This category also includes cases where American firms carry out projects in Kuwait and then have problems getting paid for their services.

The second category of disputes consists of those arising from the termination of agency agreements. To help resolve a dispute, the Commercial Section at the U.S. Embassy-Kuwait may intervene, and advocate on behalf of the American firm. If the local firm persists in its refusal to settle the dispute, the American firm may have to resort to the local courts to obtain satisfaction. To gain access to the local judicial system, the U.S. firm will have to hire a local attorney. The following is a partial list of Kuwait attorneys:

Abdulla S. Al-Rkayan & Associates
P.O. Box 5277, Safat
13053 Kuwait
TEL: (965) 242-1281
FAX: (965) 242-0582

CONTACT: Ms. Houria B. Coffman
TITLE: Attorney

Abdul Razzak A. Mohammed Law Firm
P.O. Box 22880 Safat
13089 Kuwait
TEL: (965) 245-5717
FAX: (965) 246-9357
CONTACT: Mrs. Yvonne R. Carrison
TITLE: Managing Director
International Legal Department

Ahmad G.H. Al Otaibi & Partners
P.O. Box 5750 Safat
13058 Kuwait
TEL: (965) 242-5163
FAX: (965) 242-2359
CONTACT: Mr. Ernest Alexander
TITLE: Attorney

Ali & Partners
P.O. Box 5706 Safat
Kuwait
Tel: (965) 244-7415/6
Fax: (965) 246-6780
Contact: Rima Ali
Title: Attorney

Anwar Al-Bisher Law Firm
 P.O. Box 26292, Safat
 13123 Kuwait
 TEL: (965) 243-1122
 FAX: (965) 240-2501
 CONTACT: Ms. Mary Ann Sharp
 TITLE: Attorney at Law

Dixon & Dixon, Najeeb Al-Waqyan Law Firm
 P.O. Box 22833, Safat
 13089 Kuwait
 TEL: (965) 241-5617
 FAX: (965) 240-7030
 CONTACT: Mr. Najeeb Al-Waqyan
 TITLE: Attorney

Al-Essa, Al-Bader & Partners
 P.O. Box 4207, Safat
 13043 Kuwait
 TEL: (965) 243-8020
 FAX: (965) 240-9616
 CONTACT: Mr. Bader Saud Al-Bader
 TITLE: Attorney

Al Ghazali Partners and Graham & James
 P.O. Box 4970, Safat
 13050 Kuwait
 TEL: (965) 243-9690
 FAX: (965) 242-2895
 CONTACT: Mr. Mamoun Hariri
 TITLE: Attorney

Mashora Advocate and Legal Consultants
 In Associate with Bryan Cave, LLP

P.O. Box 5902 Safat
 13060 Kuwait
 TEL: (965) 240-4470
 FAX: (965) 242-4047
 CONTACT: Mr. David M. Pfeiffer
 TITLE: Attorney

Salman Duaij Al-Sabah Law Office
 P.O. Box 5117, Safat
 13052 Kuwait
 TEL: (965) 240-0261
 FAX: (965) 240-0260
 CONTACT: Shaikh Salman Duaij Al-Sabah
 TITLE: Attorney

Al Sarraf & Al-Ruwayeh & Stephenson Harwoud Law Firm
 P.O. Box 1448 Safat
 13015 Kuwait
 TEL: (965) 240-0061
 FAX: (965) 240-0064
 CONTACT: Mr. Issam "Sam" Essa Habbas

TITLE: Attorney

Yousef Essa Al-Matar & Edmond Chartouni
 P.O. Box 23198, Safat
 13092 Kuwait
 TEL: (965) 241-2283
 FAX: (965) 246-6591
 CONTACT: Mr. Yousef Essa Al-Matar
 TITLE: Attorney

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT (US\$ millions, unless otherwise noted; all estimates are unofficial)

Best Prospects for Non-Agricultural Goods and Services
 (Estimated U.S. Market Share)

(US\$ Million)					
ITA	Best Prospect Sector	1997	1998	1999	
	Growth			(est.)	(Est.
	%)				
HMS	Hospital Management Services	1.7	1.7	4.0	20.0
INS	Medical Insurance Services	2.0	2.0	18.0	20.0
SEC	Safety & Security Equipment	44.0	48.0	52.0	8.0
XXX	Rubber Tires for Cars	13.3	14.0	14.5	4.0
ACR	Air Conditioning & Refrigeration Equipment	54.0	59.0	64.0	8.0
CPT	Computer & Peripherals	6.9	7.7	8.6	11.0
APS	Automotive Parts & Service Equipment	51.0	54.3	57.0	5.0
MED	Medical Equipment	4.5	4.9	5.3	8.0
DRG	Pharmaceuticals	3.1	3.4	4.0	18.0
POL	Pollution Control Equipment	6.0	9.0	9.9	10.0
ADV	Advertising	40.0	62.0	65.0	8.0

Best Prospects for Agricultural Goods and Services:

		Estimated U.S. Market Share (Thousand Metric Tons)		
		1997	1998	1999 (est.)
FOD	Corn Oil	12	13	14
FOD	Poultry Meat	4	5	5
FOD	Frozen/Chilled Beef	.4	5	.6

Best Prospects for Non-Agricultural Goods and Services:
 (Statistics are unofficial estimates).

Hospital Management Services (HMS)

The Ministry of Health will apply compulsory health insurance on about one million expatriates in Kuwait early in 2000. This will generate about KD70 million per annum (US\$240 million) in additional revenue for the health system. This new source of revenue should help the private

sector build new hospitals and medical centers to serve this new customer base. Good service will be a prime factor in attracting these customers. American hospital management firms are encouraged to take advantage these opportunities in Kuwait. The private medical sector will expand considerably in the next few years.

	1997	1998	1999
US\$ Millions	(Actual)	(Actual)	(Estimated)
A. Total Sales	3.4	3.9	7.0
B. Sales by Local Firms	2.2	4.0	1.7
C. Exports by Local Firms	00	00	00
D. Sales by Foreign-Owned Firms	3.0	1.7	1.7
E. Sales by U.S.-Owned Firms	1.7	4.0	1.7

Medical Insurance Services (INS)

The decision to require compulsory health insurance for about one million expatriates in Kuwait will result in additional revenue for the health system of about KD70 million per annum (US\$240 million). Local insurance providers will require significant support and expertise from foreign companies and American insurance companies are strongly encouraged to explore opportunities in this new market.

	1997	1998	1999
US\$ Millions	(Actual)	(Actual)	(Estimated)
A. Total Sales	19	22	240*
B. Sales by Local Firms	17	20	150
C. Exports by Local Firms	00	00	00
D. Sales by Foreign-Owned Firms	2	2	90
E. Sales by U.S.-Owned Firms	2	2	18

The above statistics are unofficial estimates.

* Assuming that each expatriate pays US\$240 per year.

Safety and Security Equipment (SEC)

The Government of Kuwait is extremely concerned with its safety and security. A ministerial committee was established to develop plans to secure sensitive and strategic facilities such as borders, refineries, power and petrochemical plants. There are many good opportunities for U.S. safety and security equipment manufacturers and consultants in Kuwait.

	1997	1998	1999
US\$ Millions	(Actual)	(Actual)	(Estimated)
A. Total Market Size	92	105	120
B. Total Local Production	0	0	0
C. Total Exports	0	00	0

D. Total Imports	92	105	120
E. Total Imports from U.S.	44	48	52

Rubber Tires for Cars (XXX)

There are about 1,077,400 vehicles in Kuwait of various types and models. Major imports come from Japan, U.S.A., Germany, and South Korea. Accordingly, rubber tires for cars come mainly from these countries. Bad driving habits, tough weather conditions, and poor maintenance make tires deteriorate at a fast pace. The value of imported tires in 1997 was KD19.8 million (US\$65.34 million). U.S. came next to Japan. In 1998, there was a slight increase of 5% in tire imports.

US\$ Millions	1997 (Actual)	1998 (Actual)	1999 (Est.)
A. Total Market Size	58.10	60.56	63.69
B. Total Local Production	00	00	00
C. Total Exports	9.20	10.10	10.50
D. Total Imports	67.30	70.66	74.19
E. Imports from the U.S.	13.29	14.00	14.50

Air Conditioning and Refrigeration Equipment (ACR)

High temperature during most of the year, intense seasonal humidity, and frequent dust storms make Kuwait an excellent market for air conditioning and refrigeration equipment.

US\$ Millions	1997 (Actual)	1998 (Actual)	1999 (Estimated)
A. Total Market Size	132	144.2	157.4
B. Total Local Production	5	5.2	5.4
C. Total Exports	0	0	0
D. Total Imports	127	139	152
E. Total Imports from U.S.	54	59	64

Computers and Peripherals (CPT)

Most major American computer firms are present in Kuwait, enjoying a large market share of the total imports of mainframes, minicomputers, microcomputers and data communications equipment. There are several major upcoming projects that should create an excellent market in Kuwait for U.S. computer equipment.

US\$ Millions	1997 (Actual)	1998 (Actual)	1999 (Estimated)
A. Total Market Size	36.7	40.2	44.2
B. Total Local Production	0	0	0
C. Total Exports	0	0	0
D. Total Imports	36.7	40.2	44.2
E. Total Imports from U.S.	6.9	7.7	8.6

Automotive Parts & Service Equipment (APS)

There are more than one million automobiles in Kuwait, excluding the military. Between 35,000 and 40,000 new cars of various types are imported to Kuwait annually. Most of Kuwait's cars are more than four years old. The tough weather conditions, poor after-sale service, high accident rates, and bad driving habits create a large demand for automobile parts and service equipment. Major U.S. car manufacturers like GM, Ford & Chrysler supply their local dealers with the necessary service equipment and spare parts. Competitors include Japan, Sweden, Germany, and South Korea.

1997 US\$ millions	1998	1999		
			Actual)	(Actual) (Est.)
A. Total Market Size		170.0	78.5	187.25
B. Total Local Production		15.0	16.5	17.30
C. Total Exports		0	0	0
D. Total Imports		155.0	162.0	170.00
E. Total Imports from U.S.	51.0	54.3	57.00	

Medical Equipment (MED)

Kuwait is concerned about health care services. The Ministry of Public Health will continue to replace, upgrade, and modernize the existing medical facilities. The Ministry of Public Health has issued 14 licenses for Kuwaitis to establish private hospitals in the country. In addition, the Kuwait Oil Company (KOC) is planning to establish a new 225-bed hospital in Ahmedi. Also the Five-Year Plan includes the construction of a new psychiatric hospital, a new chest diseases hospital, several specialist centers in the Al-Ferdous Area, and three dental centers in Kuwait City, Jahra, and Al-Farwaniya. The Government of Kuwait also plans to require health insurance to expatriates residing in the country. This will offer U.S. medical equipment and health insurance companies new opportunities in the Kuwaiti market.

US\$ Millions	1997 (Actual)	998 Actual)	1999 (Estimated)
A. Total Market Size	30	35	40
B. Total Local Production	0	0	0
C. Total Exports	0	0	0
D. Total Imports	30	35	40
E. Total Imports from U.S.	4.5	4.9	5.3

Pharmaceuticals (DRG)

Kuwait imports all of its pharmaceutical needs. Though U.S. drugs and pharmaceutical products have a very good reputation in Kuwait, they represent a very small part of the market. U.S. pharmaceutical producers should be warned, however, that Kuwait provides no legal protection for pharmaceutical patents. In 1996, the Kuwait Ministry of Health registered two unauthorized copies of top selling patented products.

1997	1998	1999			
US\$ Millions			(Actual)	(Actual)	(Estimated)
A. Total Market Size			104	109	115
B. Total Local Production			0	0	0
C. Total Exports			0	0	0
D. Total Imports			104	109	115
E. Total Imports from U.S.			3.1	3.4	4.0
Pollution Control Equipment (POL)					

Kuwait's experience with environmental catastrophes resulting from the burning of Kuwait oil wells during the Iraqi invasion and the founding of the Public Environment Protection Authority have increased the country's awareness of environmental issues. This growing concern bolsters sales opportunities for U.S. pollution control equipment producers. This sector is predicted to grow at an annual average rate of 10 percent over the next three years, as concerns grow about oil spills, potable water treatment, landfills, and sewage and industrial waste management. The United States' market share is around 30 percent of the market and American firms are well established in the oil, water and sewage sectors.

(In US\$ million)	1997 (Actual)	1998 (Actual)	1999 (Est.)
A. Total Sales	15	16.8	18.4
B. Sales by Local Firms	00	00.0	00.0
C. Sales by Foreign-Owned Firms	15	16.8	18.4
D. Sales by US-Owned Firms	6	9.0	9.9

Advertising (ADV)

Kuwait is the third biggest market for television and newspaper advertisement in the Persian Gulf region after Saudi Arabia and UAE. In 1998, advertising expenditures in Kuwait were as follows: newspaper advertising US\$84.9 million, TV advertising US\$15.2 million, magazines US\$35.1 million, panels US\$56.2 million, radio US\$2.8 million, and video US\$165 thousand. This figure represents an increase of US\$37 million over 1997.

(In US\$ million)	1997	1998	1999
(Actual) (Est.)			(Actual)
A. Total Sales	157	194	204
B. Sales by Local Firms	100	105	110
C. Sales by Foreign-Owned Firms	57	89	94
D. Sales by US-Owned Firms	40	62	65

Best Prospects for Agricultural Goods and Services:

1. Corn Oil (FOD)

Corn oil is the preferred cooking oil in Kuwait and the other Gulf countries. As of 1992, a local firm (KFMBC) started to pack corn oil imported in bulk from the United States. Consumption of corn oil is expected to increase steadily as the locally packed oil is offered at

competitive prices. Singapore, Saudi Arabia and Bahrain are other principal suppliers of corn oil to the Kuwaiti market.

1997 (Thousand Metric Tons)	1998 (Actual)	1999 (Actual)	(Est.)
A. Total Market Size	18	19	20
B. Total Local Production	0	0	0
C. Total Exports	1	1	1
D. Total Imports	19	20	21
E. Total Imports from U.S.	12	13	14

Source: ATO-Dubai estimates

2. Poultry Meat (FOD)

U.S. frozen poultry meat, particularly chicken parts and to a lesser degree whole chickens and turkeys, are well known for their high quality. Also, more brands of U.S. chicken parts are being offered in Kuwait at competitive prices than in previous years. Brazil, France, Saudi Arabia and Denmark dominate the market for frozen whole chickens. The United States and Brazil dominate the market for chicken parts. Whole chickens represent 90 percent of total imports of chicken meat. The preferred size for whole chickens ranges from 900-1,200 grams per bird. Chicken parts are imported in two-pound trays.

(Thousand Metric Tons)	1997 (Actual)	1998 (Actual)	1999 (Est.)
A. Total Market Size	78	81	84
B. Total Local Production	25	26	27
C. Total Exports	1	1	1
D. Total Imports	54	56	58
E. Total Imports from U.S.	4	5	5

Source: ATO-Dubai estimates

3. Frozen/Chilled Beef (FOD)

U.S. beef, particularly frozen and to a lesser degree chilled, is well known for its high quality and is much sought after by the higher-end hotels and restaurants. The rapid expansion of the American-style fast food/quick service restaurants in Kuwait has prompted a marked increase in U.S. beef exports. India and Ireland dominate the frozen beef market, while France and the Netherlands are major suppliers of chilled beef.

(Thousand Metric Tons)	1997 (Actual)	1998 (Actual)	1999 (Est.)
A. Total Market Size	10	11	12
B. Total Local Production	*	*	*
C. Total Exports	1	1	1
D. Total Imports	11	12	13
E. Total Imports from U.S.	.4	.5	.6

*Negligible

Source: ATO-Dubai estimates

VI. TRADE REGULATIONS AND STANDARDS

Trade Barriers, including Tariffs, Non-tariff Barriers or Import Taxes:

Potentially High Tariffs:

There are no customs duties on food, agricultural items or essential consumer goods. Imports of some machinery, most spare parts and all raw materials are exempt from customs duties. Oil companies may apply for tariff exemptions for certain machinery and drilling equipment.

The General Administration of Customs collects a 4 percent general tariff on most imports. This flat rate is applied to the cost, insurance, and freight (c.i.f.) value of imported goods. Where imports compete with goods that are locally manufactured by "infant industries," the Ministry of Commerce and Industry may impose protective tariffs of up to 25 percent. In such cases, tariff reviews and determinations are done on a case-by-case basis. Effective July 1, 1997, the Council of Ministers approved imposing a 70 percent customs duty on cigarettes and tobacco products in lieu of the previously approved 100 percent. The Kuwaiti government may also raise tariffs in order to increase revenue and "harmonize upward" with tariffs in other GCC states.

Incompatible Standards:

Kuwait, like other GCC member states, maintains restrictive standards that impede the marketing of some U.S. exports. For example, shelf life requirements throughout the GCC for processed foods are in many cases far shorter than scientifically necessary to preserve freshness.

Artificially short shelf life requirements hurt the competitiveness of U.S. products because local merchants prefer products from supplier's closer to Kuwait, as these products can be left on the shelves for a longer period of time. Standards for many electrical products are based on those of the U.K., even though in many cases U.S. products could perform better at lower cost if standards were more flexible. Decisions on standards for medical, telecommunications and computer equipment tend to lag so long that Kuwait government tenders often specify the purchase of obsolete items.

Government Procurement & Offset Policies:

Kuwait government procurement policies specify local products when available and prescribe a 10 percent price advantage for local firms in government tenders.

The Kuwait government views its offset program as a major vehicle for motivating foreign investment in Kuwait. The U.S. government generally opposes the attachment of any type of performance requirement to government tenders and has recommended that the Government of Kuwait carefully weigh all the potential costs to itself of an offset program. At the same time U.S. firms are encouraged to familiarize themselves with the terms of this program to ensure the offset program does not become an undue obstacle to their business.

Under the program, all government contracts in excess of KD1.0 million (approximately US\$3.4 million) are now to include clauses acknowledging offset obligations. Moreover, the cumulative supply of more than KD1 million in goods and services under a series of contracts during a period of one year by any one company will also result in offset obligations, which will be levied against the full, cumulative value of those contracts.

Offset obligations will continue to be set at 30 percent of the value of the contract. The dollar value, however, of this obligation can be reduced if it is settled in a manner which is in accord with the Kuwaiti government's priorities. The mechanism for reduction of offset obligations is a system of multipliers which gives suppliers additional offset credits depending on how and in what economic areas their investments are made. For instance, so-called "micro" multipliers give suppliers additional credit for a variety of financial measures including original equity, debt, retained earnings of ventures, sales, R&D investments, education and training costs, and pre-establishment costs including feasibility studies, business plans, market research, etc. In addition, "macro" multipliers, depending on the economic sector in which the investment is made, can further increase the value of these credits. These sectors include education, management and training; manufacturing; assembly for processing; and services. Detailed questions on the offset program should be referred to the Commercial Service office at the American Embassy in Kuwait, and the Ministry of Finance Counter trade Offset Program Executive Office.

Improved Intellectual Property Rights Protection:

Kuwait was placed on USTR's Priority Watch List in April 1998. After initial encouraging anti-piracy efforts taken by the Kuwaiti authorities in 1995 and 1996, the anti-piracy campaign deteriorated in 1997. However, 1999 has seen the passage of new copyright and patent protection laws that greatly improve the situation in Kuwait. The Ministry of Information has shown a willingness to enforce the Copyright Protection Law, having seized illegal products and fined violators during several raids on software and videocassette pirates in the first half of 1999. Vigorous enforcement and continued industry policing by private industry will be key factors in determining the effectiveness of the new laws.

While Kuwait has had a functioning trademark law since 1962, the penalties for infringement are relatively low (a maximum fine of US\$2,100) and are often applied only after the second violation. The placing of Kuwait on the USTR's Special 301 Watch List in 1997 was largely due to continued lack of copyright legislation and absence of patent protection for pharmaceutical products. The government of Kuwait has promised to address its IPR commitments under the WTO and assures the U.S. government that copyright legislation circulating since October 1997 consistent with Kuwait's international obligations would soon be forwarded to the National Assembly.

Patents:

Kuwait has finally adopted a new Patent Legalization Amendment to their existing 1962 Patent Law. The new Amendment is intended to bring Kuwait into compliance with its WTO obligations. Protection is now available for patented inventions and know-how for up to 20 years, but must be renewed by application every four years. Patent infringement in Kuwait is punishable by a jail sentence not to exceed one year and/or a fine not to exceed KD 5,000 (US\$16,500). Since the Patent Legalization Amendment was passed by Amiri decree, the National Assembly must ok it once it is seated (July, 1999).

Copyrights:

Kuwait's new Copyright Protection Law provides protection for computer software and related programs, video and music tapes/cassettes/CDs, cinema, drawings, original books and translations, and scientific papers. Officially adopted in June 1999 by Amiri Decree, the new law stipulates rather light (by world standards) punishment for copyright piracy. Copyright violators are now liable for fines of KD500 (US\$1,650) and/or a jail term of up to one year - although penalties do increase for second offenses. As with the Patent Legalization Law, the Copyright Protection Law the National Assembly must ok the new law once seated for the next session.

Trademarks:

Kuwait has effective trademark legislation but penalties are light. Trademarks may be registered in Kuwait for ten years and renewed indefinitely for another ten-year period. If a trademark has not been used for a five-year period, an interested party can apply to the courts to have it canceled. Registration gives the owner the exclusive right to use the mark on the goods for which it is registered, and third parties can be prevented from using the mark on competing products. Registration procedures take about three weeks and require a US\$60 fee. Trademark registration is linked to the Kuwait agent. When a new agent is selected, the trademark continues in force under the old agent's name until the new agent registers the trademark.

BOYCOTT OF ISRAEL:

In June 1993, Kuwait announced that it would no longer apply the secondary boycott to firms that do business with Israel and the tertiary boycott to firms that do business with firms subject to the secondary boycott. However Kuwait continues to apply the primary boycott to goods and services produced in Israel itself. Kuwait has also taken steps to revise its commercial documentation to eliminate all direct references to the boycott of Israel. U.S. firms may still occasionally receive requests for boycott-related information from private Kuwait firms or uninformed Kuwaiti public officials. In such cases, U.S. firms should advise the Embassy of the request, report the request to the U.S. Department of Commerce and take care to comply with all requirements of the U.S. anti-boycott laws. Kuwait has received several one-year waivers of "Brown Amendment" requirements through 1998. The "Brown Amendment" prohibits defense sales to those countries that have not eliminated all vestiges of the enforcement of the secondary and tertiary boycott of Israel.

Customs Valuation:

For perishable imports arriving via air, land, or sea, customs clearance is prompt and takes about three hours. To complete clearance, the importer presents its import license and quality test certificate. Recurring perishable imports can be cleared and taken to the importer's premises after evidence that a sample has been submitted to the Municipality for quality testing.

Customs' assessment of duty on the imported goods is usually based on the commercial invoice. However, if the customs officials believe the declared value is not realistic, they may make their own assessment.

American exporters of perishable goods are advised to appoint their own quality surveyors in Kuwait to protect their rights. Local importers have their own connections with the local officials and may obtain certificates in their favor, e.g., stating that competitors' imports are wasted, damaged, or not fit for human consumption.

Import Licenses:

Importers do not need an import license for each product to be imported or for each shipment. An importer does, however, need to obtain an annual import license from the Ministry of Commerce and Industry that authorizes the import, on a multiple-entry basis, of any amount of goods from any country during its one-year term. To obtain this license, an importing company must fulfill the following conditions:

- It must be registered in the Commercial Register at the Ministry of Commerce and Industry and with the Kuwait Chamber of Commerce and Industry (KCCI).

- The rules for a share holding company were changed in 1999 with the adoption of Kuwait's new Foreign Investment Law. For the first time, non-GCC nationals can own interests in Kuwait-chartered companies greater than 51 percent.

- A special import license is required to import certain kinds of goods, i.e., firearms, explosives, drugs and wild animals. Imports of firearms and explosives require a special import license from the Ministry of Interior. Some drugs require a special import license from the Ministry of Public Health.

Export Controls:

There are generally no restrictions on exports from Kuwait. Only a few items require export licenses. No duties are levied on goods exported from Kuwait. Foreign contractors, however, need a letter of clearance from the Director of Income Taxes, Ministry of Finance, to be able to export equipment from Kuwait for use on a project outside of Kuwait.

Import/Export Documentation:

Imports to Kuwait require three certified and legalized copies of the commercial invoice, three copies of the bill of lading (air waybill), and a certificate of origin. The certificate of origin should:

--be duly certified by a U.S. Chamber of Commerce or the National U.S.-Arab Chamber of Commerce. Legalization is done by the Kuwait Consulate in New York City or by the Kuwait Embassy in Washington, D.C.

--contain the full name of the manufacturing plant or producer as well as the full name of the freight forwarder.

--show the means of transportation.

--indicate the country of origin.

Invoices and documents should be available to the importer before the arrival of goods in Kuwait as goods cannot be cleared through customs without these documents. Shipment of live animals, animal products, plants, or plant products require sanitary and health certification and inspection in the country of origin. All imported beef and poultry products require a health certificate from the country of origin and a certificate issued by an approved Islamic center in the country of origin which verifies that the meat contents and preparation comply with the Islamic Law (Halal). Exporters should contact the U.S. Department of Agriculture, Animal and Plant Health Inspection Service (APHIS) for further information.

Food and pharmaceutical products should bear the following:

--batch or lot number

--manufacturing date

--expiry date or validity

--description of contents

--storage conditions

--name of the pharmacopeia (for a pharmacopeial product)

Private Kuwaiti companies usually make payment by opening a letter of credit through any Kuwaiti bank. Government agencies pay letters of credit directly through the Central Bank of Kuwait.

In brief, export documentation should include:

--a detailed description of the goods;

--total as well as unit prices;

--net and gross weight;

--type of packing;

--full name and address of the manufacturers and/or exporters;

--trademarks and numbers of the goods as shown in the manifest;

--means of transportation, the shipper's port and country of origin;
and

--certification of the invoices by the authorized organizations.

Temporary Entry:

Products imported into Kuwait that do not comply with established standards and regulations may be allowed a three-month temporary entry against storage fees. If the exporter fails to correct the fault, the goods will either be re-exported at his own expense, or will be auctioned. Goods coming into Kuwait for transshipment may be allowed temporary entry.

Labeling, Marking Requirements:

All goods imported into Kuwait must be clearly marked with the country of origin. All foodstuffs should carry an Arabic language label (in Arabic or in Arabic/English) stating the name of the manufacturer, the brand name of the food product, the name of the food product, its composition (a list of ingredients and additives, if any, in descending order of importance), net and gross weight in metric units, country of origin and its production and expiration dates. All fats and oils used as ingredients must be specifically identified on the label. Arabic stickers are acceptable provided they do not cover vital information on the original label.

Since February 1, 1986, the Department of Health of the Municipality of Kuwait has barred the entry into Kuwait of any imported food items if more than six months have elapsed since the original date of production shown on the package, provided the food item has an expiration date of more than one year after production. If the expiration date of the food item falls within a period of less than one year from the date of production, then such an item shall be denied entry into Kuwait if more than half of the life time of the item has elapsed, or if three months has elapsed, whichever elapsed period is shorter. However, food items whose expiration date falls within less than two months of the date of production are exempted from the above regulations.

Prohibited Imports:

Kuwait prohibits the importation of pork, pork products, alcoholic beverages, products containing alcoholic beverages and gambling machines, or materials that could be considered pornographic. Kuwait also prohibits imports from Israel.

Standards:

The Department of Standards and Meteorology at the Public Authority for Industry has drawn up about 300 Kuwaiti standards that are currently in force. These have been based on a combination of American, British, German and other national standards modified to suit Kuwait's needs.

In addition, Kuwait has adopted a number of import regulations to conform with Gulf Cooperation Council (GCC) standards. Examples of such import regulations are: instruction manuals for imported durable goods must be translated into Arabic; and consumer durable goods including, but not restricted to, large appliances must be able to operate without a transformer on Kuwait's 240 volt, 50 hertz power transmission system. The Ministry of Commerce and Industry has announced that it intends to relax its requirements on voltages and will soon allow products that will operate at 230 volts.

Free Trade Zones (FTZ)/Warehouses:

In July 1995 the National Assembly passed a law (Law No. 26 of 1995) authorizing the Ministry of Commerce and Industry to establish free trade zones in Kuwait. In June 1996 the Ministry received proposals from Kuwaiti private firms to operate, manage and market Kuwait's Free Zone at Shuwaikh port. The contract was awarded to the National Real

Estate Company in the Fall of 1996. On May 17, 1998, the Cabinet approved awarding and signing the agreement which gives the government 80 percent of the profits if NREC utilizes the Port Authority's facilities and only 10 percent if it does not. The Kuwait Free Trade Zone at Shuwaikh Port is expected to open in mid 1999 and will cover 1.7 million square meters. It will be divided into three main sections: trade, services and industry. The Kuwaiti government has allocated approximately US\$83 million for the project. The zone will include warehouses, exhibition grounds, banks, cargo companies and insurance companies. A trade center will also be built inside the zone to exhibit and display wares.

Warehouses are available in Kuwait not only in Shuwaikh but also at Shuaiba and in large refrigerated warehouses in other locations. Several leading importers also have their own warehousing facilities.

Special Import Provisions: VI. (AGRICULTURAL) TRADE REGULATIONS AND STANDARDS

- Import Duty: All food products are exempt from import duty in Kuwait.

- Import Licenses: All imported beef and poultry products require a health certificate from the country of origin and a halal (Islamic Law) slaughter certificate issued by an approved Islamic center in the country of origin.

- Labeling: Food labels must include product and brand names, production and expiry dates, country of origin, name and address of the manufacturer, net weight in metric units, and a list of the ingredients in descending order of importance. All fats and oils used as ingredients must be specifically identified on the label. Labels must be in Arabic or in Arabic/English or Arabic only. Arabic stickers are accepted.

- Shelf Life: Kuwait enforces shelf-life standards for 44 food products. Manufacturers' shelf lives for the other food products are accepted. The manufacturer must print production and expiry dates on the original label or container. Products must arrive at destination within half the shelf-life duration. Suppliers should work closely with their local importers to ensure compliance with local shelf-life requirements.

VII. INVESTMENT CLIMATE

OPENNESS TO FOREIGN INVESTMENT

Government Policy:

Joint venture and foreign investment restrictions:

Kuwait's new Foreign Investment Law allows majority foreign ownership of Kuwait-based firms for the first time. However, foreigners may not invest in the upstream petroleum sector, but are allowed to invest in joint venture petrochemical projects. Foreign firms may own up to 40 percent of banks. Foreign investment in real estate is limited to nationals of the other GCC-member states. Foreigners are also now

permitted to invest in stocks directly through the Kuwait stock exchange. Other sectors such as telecommunications, health care and airlines are still government-dominated, but may be now more accessible.

The state and the nationalized oil industry have dominated Kuwait's economy since the early 1970's. The government also acquired major holdings in private Kuwaiti firms following stock market crashes in 1979 and 1982. The 1990 Iraqi invasion of Kuwait exacerbated economic problems. After liberation, the government purchased from the banks outstanding debts emanating from the stock market crashes and put through a debt settlement law. This increased the government involvement in the economy, but the government has begun a successful effort to divest its equity holdings in private firms and has sold its holdings in 26 firms as of June 15, 1998. Implementation of the difficult debts law has been positive and has contributed to increased confidence in Kuwait's financial markets.

Progress in privatization of government entities has been slow. Kuwait's National Assembly currently has under consideration a bill that would establish a framework for privatizing public utilities. General concerns that privatization will threaten employment of Kuwaiti workers and lead to increases in highly subsidized utility fees, however, make it unlikely that wide-ranging privatization will move forward in the near future.

Foreign owned firms and the foreign owned portions of joint ventures are subject to corporate income tax as high as 55 percent. The new foreign investment law authorizes up to 10-year tax holidays for new investors. Kuwaiti firms are not subject to the corporate income tax, but are required to contribute 5 percent of their national earnings to the Kuwait Foundation for the Advancement of Science (KFAS). Kuwait levies no personal income tax.

Commercial Agency & Commercial Representatives' Law:

Kuwait's commercial law no. 68 Of 1980 describes contract and commission agents and commercial representatives and law no. 36 Of 1964 requires agents to be Kuwaiti nationals. In the post-liberation period there were exceptions made to these laws during the emergency period, but there have not been any exceptions made recently. It remains a matter of GOK interpretation whether exceptions are available for particular purchases. Kuwait's Ministry of Defense for example requires that foreign defense contractors deal directly with the ministry and do not deal directly with agents.

Other Barriers:

Agent and distributor rules: The requirement that a local agent be used in all sales transactions, as it currently exists, can create problems for some U.S. firms, particularly those that sign an agency agreement hastily without consulting local lawyers. The embassy can provide a list of lawyers.

Amendments have been adopted to Kuwait's commercial law, which permits foreign joint ventures in banking (up to 40 percent ownership), and

other changes may, in time, permit GCC branch banking. In addition, the Kuwait Petroleum Company, for the first time in its history, has concluded a joint venture agreement through its subsidiary petrochemical industries company with a U.S. firm for a major (US\$ 2 billion) investment in petrochemicals.

Screening of Foreign Investment:

The licensing authority of the Ministry of Commerce and Industry screens all proposals for direct foreign investment. Under the new Foreign Investment Law (adopted in June 1999), the Minister of Commerce will chair the Foreign Capital Investment Committee, an entity charged with ruling on applications from foreign investors. In the past, this authority has been used to encourage investments in higher technology industries and to discourage investments in sectors in which there was judged to be significant over-capacity; e.g. the pre-Gulf War hotel industry.

Major sectors/matters in which foreign investors are denied national treatment or MFN treatment: Under current laws, some specific sectors of the economy -- including upstream oil development; insurance; and real estate -- have been closed to foreign investment. There are some limited exceptions to this for citizens from GCC states.

There are domestic and GCC reference regulations in force that allow discrimination against some suppliers.

Boycott:

While Kuwait in June 1993 publicly announced the end of enforcement of the secondary and tertiary Arab League boycotts of Israel, official publication of implementing regulations continues to be delayed. Some tender requests occasionally contain boycott clauses reportable under U.S. anti-boycott laws. This appears to happen as a result of use by government offices of old forms, or mistakes by lower level staff. Kuwait has stated that it will wait for Arab League action before eliminating the primary boycott of Israel.

Articles 3 and 43 of law no. 37 allow the Central Tenders Committee to award contracts to suppliers of local products with prices up to ten percent higher than imports.

Under the new Foreign Investment Law (actually two separate statutes), expatriates can now directly own stock shares in Kuwaiti stockholding companies listed on the Kuwait Stock Exchange (previously restricted to Kuwaitis and other GCC citizens). In addition, foreigners may now hold up to a 100 percent interest in Kuwait-registered stockholding companies. The law also establishes a Foreign Investment Committee that will administer the tenets of the new law. Foreign Investment Licenses are required and we understand that only the Minister of Commerce & Industry will be empowered to grant them.

Services Barriers - Shipping:

In the past, Kuwait prevented access to government project cargo by U.S. Shipping lines by giving the United Arab Shipping Company (UASC) the right of first refusal on all government project cargoes. The

Kuwait government has assured the U.S. Embassy that this no longer applies to shipments from U.S. Ports. Problems should be reported to the U.S. Embassy.

Discrimination against foreign investors at the time of the initial investment and after the investment is made: Foreign investment is discriminated against in several ways: through the bar on majority ownership; the bar on investment in prohibited sectors such as oil and financial services; and differential corporate tax treatment (only foreign firms are subject to the corporate income tax).

U.S. and foreign firms participation in government- financed and/or subsidized research and development programs on a national treatment basis: while there are no specific bars to foreign participation in government-financed or-subsidized research and development, there has been little activity of this type to date. Few U.S. firms are interested in research and development in Kuwait, although options available under Kuwait's offset program may change this. Any program would likely be evaluated on a case by case basis. U.S. participation that brought expertise unavailable locally would be welcomed in most cases. The Kuwait Institute for Scientific Research (KISR) has expressed interested in working with foreign firms. The absence of an effective patent law makes R&D effort unattractive.

High Business Taxation:

Corporate taxation in Kuwait is applied only to foreign firms and has become a major problem for U.S. and other firms seeking to establish a permanent business presence in Kuwait. Rates are high, ranging up to 55 percent of gross profits, although the Kuwaiti government is considering a proposal to reduce this rate to 30 percent. Under Kuwait's new Foreign Investment Law tax holidays for up to ten years are available, depending on the perceived value of the investment to Kuwait.

Exclusions for business expenses are limited in some cases, e.g., a three percent limit on deductions for agent commissions and a similar limit of three percent of gross revenues for all head office expenses in some cases (mainly for turnkey supply and installation-type contracts). Offshore as well as domestic income is taxed. Finally, the tax code is still undeveloped and open to interpretation. This results in some uncertainty regarding tax liability, but U.S. companies comment favorably on the professionalism of the Kuwait tax department.

Discriminatory or excessively onerous visa, residence or work permit requirements, or similar requirements inhibiting foreign investors: Kuwait has a stringent visa and work permit scheme. A local sponsor is required for most work permits. Recent reciprocal changes between the U.S. and Kuwait, particularly the introduction of a 10-year multiple entry visa, have benefited U.S. citizens traveling to Kuwait on business. Foreign-born U.S. citizens, especially those of Middle Eastern descent, at times experience difficulties with visa and residency applications. Any problems experienced by potential U.S. visitors should be referred to the Bureau of Consular Affairs, Department of State.

Investment Incentives and Favored Treatment for Foreign Investors:

Investment incentives (e.g. grants, tax deferrals, special access to credit, import quota exceptions, etc.) available to foreign investors and favored treatment given to foreign investors: Kuwait's new Foreign Investment Law authorizes tax holidays of up to 10 years. The legislation was passed in June 1999 by Amiri Decree, and has the force of law. The decree must however, be submitted to the National Assembly, which may by a simple majority vote to invalidate the decree. Absent such invalidation, the law remains in force.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Rights to private ownership and establishment are respected in Kuwait, though, as noted above, foreigners face special restrictions. Licenses from the Ministry of Commerce and Industry are required for the establishment of all new companies. In addition, some sectors of the economy, including oil production and refining, are dominated by state-owned monopolies. Government ownership is common in other sectors of the economy, including banking and insurance, in part as a result of stock interests acquired during rescue programs following the crash of the "Souk al-Manakh" stock market in 1982.

Secured interests in property: Kuwaiti law permits private ownership of property by its citizens, but severely restricts the types of collateral to which creditors may have recourse in the event of default by a borrower. Banks may not foreclose on residential real property or personal property in the event of default, but they may, however, sue the borrower for the balance due under the loan contract. Borrowers normally pledge a portion of their future severance benefits as collateral for a bank loan. Non-GCC foreigners are not permitted to own land.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Kuwait was placed on USTR's Priority Watch List in April 1998. After initial encouraging anti-piracy efforts taken by the Kuwaiti authorities in 1995 and 1996, the anti-piracy campaign deteriorated in 1997. However, 1999 has seen the passage of new copyright and patent protection laws that greatly improve the situation in Kuwait. The Ministry of Information has shown a willingness to enforce the Copyright Protection Law, having seized illegal products and fined violators during several raids on software and videocassette pirates in the first half of 1999. Vigorous enforcement and continued industry policing by private industry will be key factors in determining the effectiveness of the new laws.

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Legalization Amendment was passed by Amiri decree and has the force of law. The decree must however, be submitted to the National Assembly, which may by an absolute majority vote to invalidate the decree. Absent such invalidation, the law remains in force.

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Kuwait's new Copyright Protection Law provides protection for computer software and related programs, video and music tapes/cassettes/CDs, cinema, drawings, original books and translations, and scientific papers. Officially adopted in June 1999 by Amiri Decree, the new law stipulates rather light (by world standards) punishment for copyright piracy. Copyright violators are now liable for fines of KD500 (US\$1,650) and/or a jail term of up to one year - although penalties do increase for second offenses. As with the Patent Legalization Law, the Copyright Protection Law must be reviewed by the National Assembly, once elected and seated (July 1999).

Trademarks:

In the past, companies on the boycott list have been denied trademark protection in Kuwait. Kuwait currently no longer enforces the secondary boycott.

Trade Secrets:

There are no statutory provisions for the protection of trade secrets in Kuwait; protection depends entirely on that negotiated in a contract between the party disclosing the trade secret and the party exploiting that secret commercially in Kuwait.

PERFORMANCE REQUIREMENTS/INCENTIVES

The only trade-related performance requirements are those associated with the counter-trade offset program, which has established offset obligations (to be settled through counter trade, training or investment programs) for all government contracts in excess of KD 1.00 Million (i.e., approximately US\$ 3.4 Million). These obligations can range from very low levels to as much as 30 percent of the value of the contract, depending on the type, area and structure of the investment. All obligations are to be settled within eight years, with penalties for non-performance (equal to 6 percent of the value of the contract) or partial performance. Further details are available from the U.S. & Foreign Commercial Service at the U.S. Embassy in Kuwait or the finance ministry counter trade offset program executive office.

TRANSPARENCY OF THE REGULATORY SYSTEM

Laws and procedures: The government has not adopted a transparent policy or effective laws to foster competition since there is no meaningful antitrust division in the Kuwait government. In addition, there are few tax, labor, health and safety, and other laws and policies designed to avoid distortions or impediments to the efficient mobilization and allocation of investment. Kuwait's low tariff barriers and open market are the most important factors in the allocation and mobilization of investment. The Kuwaitis are sophisticated international investors. Bureaucratic procedures can be

time consuming and prone to the red tape encountered in developing countries.

Regulatory Policies:

Kuwait is a small, open economy, which has generally been able to rely upon a flood of foreign goods and services to maintain fair competitive conditions. However, where government intervention has occurred, it has tended to favor Kuwaiti citizens and Kuwaiti-owned companies. As noted above, income taxes, for instance, are currently levied on foreign corporations and foreign interests in Kuwaiti corporations at rates that may range as high as 55 percent of all net income.

Government procurement policies, similarly, generally specify local products, when available, and prescribe a 10 percent price advantage for local companies on government tenders. There is also a blanket agency requirement, which requires all foreign companies trading in Kuwait to either engage a Kuwaiti agent or establish a Kuwaiti company, with majority Kuwaiti ownership and management. Finally, in labor markets, resident foreign nationals are subject to special taxes and fees that are intended to both discourage their employment and limit their tenure in Kuwait.

Government Procurement:

Law no. 37 Of 1964, as modified by Laws nos. 18/70 and 81/77, governing public tenders in Kuwait requires a foreign person or company to bid on public tenders through a Kuwaiti agent or partner (Article 5).

Local Preference:

Kuwait government procurement policies specify local products when available and prescribe a 10 percent price advantage for local firms in government tenders.

Offset guidelines specify that foreign firms awarded government contracts worth over KD 1 million (approximately US\$ 3.4 Million) must invest as much as 30 percent of the contract value in a project in Kuwait, the GCC or the rest of the Arab World. Offset regulations are changing and complicated. U.S. firms affected by Kuwaiti offset regulations should consult with the U.S. Embassy in Kuwait, the Kuwait Finance Ministry counter trade offset program executive office and local expert advisors on the particular provisions and obligations that will apply.

CORRUPTION

The typically lengthy procurement process in Kuwait occasionally results in accusations of attempted bribery or offering of other inducements by foreign bidders and/or their local agents. This is a crime in Kuwait and there are currently several investigations or trials in progress involving current or former government officials suspected or charged with malfeasance. There have, however, been no convictions of individuals for accepting or offering bribes since the end of the Gulf War. Efforts to improve accountability include passage in 1996 of Law 25 which requires that all companies securing contracts

with the government of Kuwait valued at KD 100,000 (US\$ 334,000) to report all payments they made to Kuwaiti agents or advisors to secure the contract. The law similarly requires entities and individuals in Kuwait to report any payments they received as compensation for securing government contracts.

LABOR

Kuwait has a diverse labor force. Kuwaiti nationals occupy most of the top management positions in the private and government sectors of the economy. Moreover, unemployment among Kuwaitis is virtually nonexistent as a result of government policies to promote the hiring of Kuwaitis in both sectors; but under-employment of Kuwaitis is a growing problem. Expatriate laborers of diverse backgrounds outnumber Kuwaitis in the work force. While there are a number of American and Western European workers in Kuwait, particularly in the higher-skilled positions, the vast majority of expatriate workers are lower paid laborers from other Middle Eastern countries, South Asia and the Philippines. Prior to the Gulf War, Palestinians occupied many of the country's middle-management positions. Following the war, however, most of those positions have been filled by workers of other nationalities, often Egyptian.

Since liberation, the government of Kuwait has adopted policies intended to limit the resident expatriate population, which, before the war, accounted for approximately 80 percent of Kuwait's 700,000-person work force. To enforce this program, the government has instituted a quota system on work permits, forbade the transfer of workers from one sponsor to another within the private sector and levied relatively high residency fees on the families of foreign workers. These measures, in turn, have raised the cost of employing foreign workers.

Kuwaiti workers have the right to organize and bargain collectively, but Kuwaiti law prevents the establishment of more than one union per functional area or more than one general confederation. Foreign workers, who still constitute the vast majority of the work force, are permitted by law to join unions as nonvoting members after five years of residence in Kuwait. The right to strike is also recognized for private sector workers, though provisions calling for compulsory negotiations and arbitration in the case of disputes limit the right. Kuwaiti labor law prohibits antiunion discrimination.

Separate Kuwaiti labor laws set work conditions in the public and private sectors, with the oil industry treated separately. Forced labor is prohibited, and the minimum age for employment is eighteen years. A two-tiered labor market ensures high wages for Kuwaiti employees while foreign workers, particularly unskilled laborers, receive substantially lower wages. There is no minimum wage for the private sector; in the public sector, the current effective minimum wage is KD 226 (i.e., USD 775) per month for Kuwaiti bachelors and KD 301 (US\$ 1,030) per month for married Kuwaitis. The basic labor law also limits the workweek to 48 hours, provides for a minimum 14 days leave per year and establishes a compensation schedule for industrial accidents. The labor law does not protect domestic servants.

The International Labor Organization's (ILO) Committee of Experts reiterated in 1993 its longstanding criticisms of a number of discrepancies between the Kuwaiti labor code and ILO Conventions 1, 30 and 87 on hours of work and freedom of association. Areas criticized by the ILO included the prohibition on establishing more than one trade union for a given field, the requirement that a new union must have at least 100 workers, the requirement that foreign workers must reside in Kuwait for five years before joining a trade union, the denial of foreign trade unionists the right to vote and to be elected, the prohibition against trade unions engaging in any political or religious activity, and the reversion of trade union assets to the Ministry of Social Affairs and labor in the event of dissolution. A new labor law has been under consideration for over 10 years.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Kuwait has an open financial system and policies facilitate the free flow of financial resources. There is a free flow of resources in the product and factor markets of Kuwait subject to the legal restrictions outlined above.

Efficient capital markets: Kuwait has a free, but, to date, not very efficient, capital market. Underpinned by government subsidies, that market -- and particularly Kuwait's commercial banks -- functioned throughout the 1980's basically to collect funds for relending to favored customers. Payment discipline was lax and real economic losses common, though disguised by government programs, including, in particular, government guarantees for all the liabilities, equity and profits of Kuwaiti banks.

Under a bank stabilization program introduced in 1992, the Central Bank purchased all of the outstanding domestic credits of Kuwait's commercial banks, while eliminating all guarantees for profits as well as equity and liabilities other than the bank's deposit liabilities. Henceforth, all losses will stay with the banks, which will be responsible for the management of all their assets and liabilities. The Central Bank has also taken steps to sharply improve bank supervision. As a result, credit distribution through Kuwait's banking system is far more efficient and rational than it has been in the past. General bank performance appears to have improved with all commercial banks in Kuwait reporting solid earnings growth in 1997.

Kuwait maintains a well-regulated stock exchange, which reopened on September 28, 1992, for the first time since the war and which now lists stocks of 65 Kuwaiti companies, ten companies from other Gulf States and two Kuwaiti mutual funds (the First Investment Fund and the Real Estate Investment Fund). Foreigners (with the exception of nationals from GCC states and Egyptians) are forbidden to trade in Kuwaiti stocks on the Kuwaiti stock exchange, except through the medium of mutual funds.

Credit is allocated on market terms and under a variety of government programs. Foreign investors are able to obtain credit on the local market. The private sector has access to a variety of credit instruments through local banks.

Legal, regulatory, and accounting systems tend to be more opaque than transparent, but are generally consistent with international norms. The central bank of Kuwait requires annual reports for local banks to meet international accounting standards. Local legal and financial advice should be sought for complicated investments and transactions. There is not an effective regulatory system established to encourage and facilitate portfolio, non-GCC investment in the local stock market. Kuwait is a major overseas investor.

Bank Assets:

The assets of Kuwait's commercial banks on December 31, 1998 were: (in '000s)

Bank	KD	US\$
National Bank of Kuwait	3,835	12,700
Gulf Bank	1,844	6,107
Commercial Bank of Kuwait	1,377	4,559
Al-Ahli Bank	1,170	3,873
Burgan Bank	1,130	3,741
Bank of Kuwait and the Middle East	943	3,124
Overall:	10,299	34,104

*Exchange Rate Used in this Chart: KD 1 equals US\$ 3.28

The quality of local banks varies from blue chip, world-class operations to very weak. Portions of some bank assets have been non-performing in the past. The balance sheets of some local banks are heavily weighted toward lower-yielding government bonds.

There are no "cross-share holding" and "stable-share holding" arrangements used by private firms to restrict foreign investment through mergers and acquisitions because there is very little foreign investment in Kuwait. The government of Kuwait holds significant equity stakes in all commercial banks and is the majority shareholder in the Burgan Bank and the Bank of Kuwait and the Middle East.

As there are very few hostile takeovers in Kuwait, there are few defensive measures to protect against this practice.

There are no laws or regulations specifically authorizing private firms to adopt articles of incorporation/association which limit or prohibit foreign investment, participation, or control.

Private sector and/or government efforts to restrict foreign participation in industry standards-setting consortia or organizations: Post is not aware of any specific cases of such restrictive participation. U.S. Suppliers have difficulty complying with

specifications that are technologically tailored closely to equipment offered by other (mostly European) suppliers. Existing standards favor European (especially U.K.) Suppliers. U.S. Suppliers' preference for turnkey projects does not match the Kuwait government's preference for splitting large projects into a series of small ones (with each one tendered separately). The role of GCC-wide standards will be critical in the future.

Other practices by private firms to restrict foreign investment, participation, or control in/of domestic enterprises: Kuwait is a very big small town. Family, clan and tribal ties throughout the business community and government can restrict foreign participation, investment and control of domestic enterprises.

CONVERSION AND TRANSFER POLICIES

The Kuwaiti Dinar is freely convertible at an exchange rate calculated daily on the basis of a basket of currencies, which is weighted to reflect Kuwait's trade and capital flows. In practice, the Kuwaiti Dinar has closely followed the exchange rate fluctuations of the U.S. Dollar. There are no restrictions on current or capital account transactions in Kuwait, beyond a requirement that all foreign exchange purchases be made through a bank or licensed foreign exchange dealer. Equity, loan capital, interest, dividends, profits, royalties, fees and personal savings can all be transferred in or out of Kuwait without hindrance, or shift the activities in directions not solely determined by economic criteria.

EXPROPRIATION AND COMPENSATION

There have been no recent cases of expropriation or nationalization involving foreign investments in Kuwait. In the past, when foreign companies were nationalized (as in the case of the nationalization of Kuwait's oil industry during the 1970's), the foreign interests were compensated promptly and effectively.

DISPUTE SETTLEMENT

Kuwait does not generally permit international arbitration in the case of commercial or investment disputes. Kuwait, however, is a signatory to the International Center for the Settlement of Investment Disputes (ICID - also known as the Washington Convention) and the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards. Clauses specifying recourse to international arbitration are only occasionally written into commercial contracts. As a result, many disputes are still settled in local courts or through traditional commercial and political negotiations. Central bank of Kuwait experts state that Kuwait's judicial system recognizes and enforces foreign judgments only when reciprocal arrangements are in place.

Investment Disputes:

There have been few investment disputes involving American firms in Kuwait. Commercial disputes are much more common. In both cases, the slow pace of the legal system here can be very frustrating to American claimants.

Legal System:

Kuwait has a developed legal system. It is a civil code system influenced by traditional Islamic Sharia Law. As a traditional trading nation, the judiciary here is familiar with international commercial laws. Kuwait has been a GATT member since 1963 and has signed the WTO agreement. Kuwait is not a signatory to the GATT government procurement code.

A feature of Kuwaiti law, which U.S. Business should be aware of, is the application of travel bans which may be applied against individuals who have civil or criminal cases registered against them. The ban prevents individuals from departing Kuwait until the pending matter is settled. There have been several incidents involving U.S. businessmen in which former Kuwaiti business partners have managed to have travel bans imposed on their former partners on the basis of allegations of violating Kuwaiti civil or criminal laws. Bans have eventually been lifted if the accused is not found guilty, but typically constitute a significant cost in time and money to the American businessmen. While infrequent, such cases highlight the need to take extra care before entering into long term business relationships in Kuwait.

POLITICAL VIOLENCE

Politically motivated damage to projects and/or installations: Terrorism in Kuwait is minimal, but the potential for it to occur anywhere in this region is high. The threat of terrorism in Kuwait comes primarily from Iran and Iraq. Iran, in particular, has demonstrated the capability to conduct worldwide terrorist operations through surrogates, and sponsored a wave of terrorist strikes in Kuwait during the 1980's. These included a truck bomb attack against the U.S. Embassy. Iraq was responsible for the attempted attack on former President George Bush during his visit to Kuwait in April 1993. Small-scale bombings of cinema, video and music houses have occurred, but the last such bombing occurred in early 1994. No group claimed responsibility and the perpetrators were not apprehended by Kuwaiti authorities. There have been no politically motivated attacks on U.S. projects and/or installations in Kuwait since liberation in 1991, except for a mysterious drive-by shooting in mid-1993 in which a building housing U.S. contractors was fired upon. More recently, terrorist financier Osama Bin Laden has issued threats against targets that include Kuwait.

BILATERAL INVESTMENT AGREEMENTS

Kuwait has signed or initialed bilateral investment agreements with 24 countries. These include agreements with Germany, France, Italy, Russia, China, Romania, Poland, Hungary, Turkey, Malaysia and Malta. It has initialed agreements on bilateral investment with Denmark and Switzerland.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

In 1989, Kuwait concluded an agreement with the United States on investment guaranty programs, which facilitated the extension of programs from the Overseas Private Investment Corporation (OPIC) to

Kuwait. Activity under the OPIC program has increased noticeably as Kuwait's recovery has gained momentum and foreign investment has resumed. Kuwait is a member of the Multilateral Investment Guarantee Agency (MIGA).

FOREIGN TRADE ZONES/FREE PORTS

In July 1995 the National Assembly passed a law (Law no. 26 of 1995) authorizing the Ministry of Commerce and Industry to establish free trade zones in Kuwait. In May 1998 the ministry signed a contract with the privately owned Kuwait real estate company to operate, manage and market a 50 square kilometer Kuwait free zone at Shuwaikh Port. Many of the current restrictions on foreign investors (majority ownership, corporate tax, etc. Will not apply to offices or plants established in the FTZ. Interest in the free zone is reportedly strong.

FOREIGN DIRECT INVESTMENT

Kuwaiti public investments abroad consist of the portfolio investments held by the Kuwait Investment Authority, which are now estimated at between US\$40 billion and US\$45 billion, and the direct investments of several other Kuwait government entities such as the Kuwait Petroleum Corporation in oil production, refining and distribution. Specific investments of KIA and other government entities are not divulged and are protected by stringent state secrecy laws. In addition, private Kuwaitis hold foreign assets, in the form of both direct and portfolio investments, which are generally believed to be equal to government holdings. Direct U.S. investment in Kuwait was estimated at US\$110 million by the U.S. Department of Commerce in 1995. This does not reflect a major new investment by Union Carbide described below.

Major Foreign Investors in Kuwait:

There are only two major foreign investors in Kuwait, one is the Japanese-owned Arabian Oil Company, which holds offshore concessions in the Partitioned Neutral Zone (PNZ) from both Saudi Arabia and Kuwait. U.S.-Owned Texaco has its headquarters located on the Kuwait side of the PNZ but operates under a Saudi concession for Saudi Arabia's share of the on-shore oil resources in the PNZ.

Union Carbide has a joint venture with KPC's petrochemical industries company for a US\$ 2 billion petrochemical project that began production in November of 1997. Sprint International has a joint venture with the Ministry of Communications to provide telecommunications services in Kuwait. Investment by other countries in Kuwait is limited. Many of these are establishments set up to meet Kuwait's offset requirements.

VIII. TRADE AND PROJECT FINANCING

Description of the Banking System:

Under the supervision and authority of the Central Bank of Kuwait, the Kuwait financial sector is made up of seven commercial banks that follow international banking standards. These banks provide traditional banking services such as savings accounts, traveler's

checks, credit cards, money market accounts, remittances, etc. In addition, Kuwaiti banks can provide U.S. companies and individuals with financial assistance and support. The Kuwait Finance House is the only Islamic bank in Kuwait providing services and products comparable to those of a Western-style commercial bank.

There are also three specialized government banks in Kuwait that provide medium and long term financing. For example, the Industrial Bank of Kuwait helps finance industrial and agricultural projects. The Kuwait Real Estate Bank (KREB), on the other hand, helps finance lending for real estate purposes. The role of the Credit and Savings Bank is to help individual Kuwaitis with financial support for housing and personal residential development.

Kuwaiti banks have full correspondent relationships with major U.S. banks. The banks most frequently mentioned as providing a wide range of correspondent services are Citibank, Bankers Trust and Chemical Bank. There are, however, numerous other American banks providing specific services such as investment advice, credit card processing, traveler's check processing and foreign exchange trading services. In addition, many non-U.S. banks with operations in the United States also have firm correspondent relationships with Kuwaiti banks. These include Credit Lyonnais, Deutsche Bank, Dresdner Bank and Standard Chartered Bank.

Due to the broad and sophisticated nature of operations at Kuwaiti banks, there are expectations that foreign correspondent banks should be able to respond to a full range of banking needs. Kuwaiti banks have a global perspective and expect their foreign correspondents to work with them at that level.

Foreign Exchange Controls Affecting Trading:

There are no foreign exchange restrictions in Kuwait. The Kuwaiti Dinar is freely convertible for all current and capital account transactions at an exchange rate calculated daily on the basis of a basket of currencies which is weighted to reflect Kuwait's trade flows. In practice, the Kuwaiti Dinar has closely followed the exchange rate fluctuations of the U.S. dollar over the past year.

General Financing Availability:

Kuwait offers American companies a number of resources for trade and project financing. These include world-class commercial banks, sophisticated investment companies and Islamic financial institutions. Kuwaiti banks are able to provide financial facilities direct to the U.S. company based on its financial statements or supported by a counter guarantee from a reputable bank in the U.S. Subject to the nature of the consignment, financing by Kuwaiti banks can be offered on a variety of terms. These include direct payment, cash in advance, documentary collection, letters of credit, letters of guarantee. Under the supervision and authority of the Central Bank of Kuwait, the seven commercial banks described above follow international banking standards. There are also three specialized government banks in Kuwait which provide medium and long term financing.

U.S. firms can work through their agents to assign the proceeds of the contract in favor of the local bank. An U.S. company may receive financing through their local agent or by a joint venture partnership formed with its Kuwaiti counterpart. In addition, U.S. companies may approach local lead agents such as investment companies and/or banks to issue KD bonds on their behalf under the company name. Approval for the issuance of the bonds is subject to the financial standing of the company, a market study, and the approval of the Central Bank of Kuwait. The advantage of using bonds as a financing tool is that it avoids foreign exchange fluctuations over the term of the contract. Due to Kuwaiti government budgetary constraints, providing financing packages as part of a project proposal gives U.S. companies an excellent advantage. U.S. firms are encouraged to approach the Export Import Bank of the U.S. and other international financial institutions to obtain financial packages that may help make their bids more attractive in the Kuwaiti market.

Requirements to Open a Company Account in a Kuwaiti Bank:

- Memorandum of Association
- Articles of Association
- Board Resolution - stating the persons authorized to open and operate the account on behalf of the company and obtain any form of credit facilities. This resolution should also state who has the authority to amend the signatories to the account.
- All of the above documents should be notarized by a Chamber of Commerce and the Kuwait Embassy in Washington D.C.
- Account Opening Forms duly signed (in the presence of a bank officer)
- Photocopies of the passport of the U.S. firm's representative

Products and services available through Kuwait banks include:

- Bid bonds, performance bonds, advance payments, guarantees, retention bonds, etc.
- Sight drafts and letters of credit in any major currency
- Cash facilities (i.e. lines of credit, loans) in Kuwaiti Dinars or other major currencies
- Foreign exchange hedging lines
- Day-to-day banking transactions for the company and its employees

How to Finance Exports/Methods of Payment:

Subject to the nature of the consignment, financing by Kuwait banks can be offered on a variety of terms. These include:

- direct payment
- cash in advance
- documentary collection
- letters of credit
- letters of guarantee

The Kuwait banking system is highly professional and fully capable of handling short and medium term financing for all types of transactions in the major currencies of the world.

Types of Available Export Financing and Insurance:

Eximbank facilities are available for public sector imports of U.S. goods and services through the Kuwait Investment Authority (the sole government body to borrow on behalf of the state, government ministries and government agencies.)

Private sector firms can obtain financing through local banks either in the name of their local agent, the U.S. firm, or jointly.

Project Financing Available:

Gulf Investment Corporation (GIC), headquartered in Kuwait and formed by the six Gulf Cooperation Council (GCC) countries, namely Bahrain, Kuwait, Saudi Arabia, Qatar, Oman and the United Arab Emirates, is a multi-service financial institution. GIC's objective is to provide a range of financial services to both corporate and private investors. These include portfolio management, syndications, new bond and equity issues, financial advisory services, other capital market activities and direct investment. GIC's strategy for direct investment is to promote joint venture partnerships in such fields as manufacturing, agriculture, minerals and other industrial services in the form of equity and debt funding.

The International Investor (TII) and the International Investment Group (IIG) are private Islamic investment groups that specialize in the design and delivery of a range of international and local investment products and services, including project and export finance. TII and IIG provide corporations and individuals with custom-made financial services and products designed to meet the specific needs and requirements of U.S. companies.

Kuwait is a member of the World Bank's International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, or Multilateral Investment Guarantee Agency.

Banks with Correspondent U.S. Banking Arrangements:

Local Bank / Correspondent Bank

Al-Ahli Bank / Bank of New York
P.O. BOX 21923 Safat
13014 Kuwait
Tel.: (965) 244-4444
Fax.: (965) 242-4557
General Manager: Nasser A. Malek

Bank of Bahrain & Kuwait / National Bank of Kuwait, NY
P.O. BOX 24396 Safat
13104 Kuwait
Tel.: (965) 241-7140
Fax.: (965) 244-0937
General Manager: Michael Khazen

Bank of Kuwait & the Middle East / Bankers Trust
P.O. BOX 71 Safat Hong Kong Shanghai Banking

13001 Kuwait Group
 Tel.: (965) 245-9771 Chemical Bank
 Fax.: (965) 246-1430
 Acting General Manager: Issam Al-Ossaimi

Burgan Bank / Chase Manhattan Bank
 P.O. BOX 5389 Safat Citibank
 13054 Kuwait
 Tel.: (965) 243-9000
 Fax.: (965) 246-1148
 General Manager: James McNie

Commercial Bank of Kuwait / Chemical Bank
 P.O. BOX 2861 Safat Commercial Bank of Kuwait,
 13029 Kuwait N.Y. Branch
 Tel: (965) 241-1011
 Fax: (965) 245-0150
 Acting General Manager & CEO: Jamal Al-Mutawa

Gulf Bank / Citibank
 P.O. BOX 3200 Safat Bankers Trust
 130032 Kuwait
 Tel.: (965) 244-9501
 Fax.: (965) 244-6126
 General Manager: Ziad F. Sarawan

Industrial Bank of Kuwait / National Bank of Kuwait, N.Y.
 P.O. BOX 3146 Safat Branch
 13032 Kuwait
 Tel.: (965) 245-7661
 Fax.: (965) 246-2057
 Chairman & Managing Director: Saleh M. Al Yousef

Kuwait Finance House / Citibank
 P.O. BOX 24989 Safat
 13110 Kuwait
 Tel.: (965) 244-5050
 Fax.: (965) 245-5135
 Managing Director: Bader A. Al Mukhazeem

Kuwait Real Estate Bank / Bank of America
 P.O. BOX 22822 Safat
 13089 Kuwait
 Tel.: (965) 245-8177
 Fax.: (965) 246-2516
 Acting General Manager: Wafaa Ahmed Al Qatami

National Bank of Kuwait / National Bank of Kuwait, N.Y. Branch
 P.O. BOX 95 Safat
 13001 Kuwait
 Tel.: (965) 242-2011
 Fax.: (965) 264-1456

Chief General Manager: Ibrahim Dabdoub

IX. BUSINESS TRAVEL

Business Customs:

Visiting U.S. business executives will have no communication problems with their Kuwaiti counterparts as English is widely spoken and many Kuwaitis have been educated abroad.

Private companies work six days a week (Saturday through Thursday). Some companies work from 8:00 a.m. to 5:00 p.m.; others work from 8:00 p.m. to 12:30 p.m. and from 4:30 p.m. to 8:30 p.m. On Thursdays, companies work from 8:00 a.m. to 1:00 p.m. Government offices close on Thursdays and Fridays. Banks and insurance companies close on Fridays and Saturdays.

Appointments with managers often take place after 9:00 p.m. During summer, Kuwaiti managers prefer to meet with foreign visitors after 6:00 p.m. Business during the very hot summer season, especially July and August, is very slow as most managers leave the country for vacations with their families.

Kuwait is a Moslem country, however, nationals of over 120 countries live and work in Kuwait.

Kuwaitis are very hospitable and it is customary for them to invite their foreign guests to their diwanis in the evenings, or even to their chalets (beach/vacation cottages) on weekends.

Travel Advisory and Visas:

Passports and visas are required for U.S. citizens traveling to Kuwait. Airport visas are available to U.S. passport holders and can also be arranged through most hotels in Kuwait. For more information concerning entry requirements, travelers may contact the Embassy of Kuwait in Washington D.C. at telephone number: (202) 966-0702, or the Kuwaiti Consulate in New York City, telephone number: (212) 973-4318.

Business visitors traveling on a temporary or visit visa to Kuwait must observe the length of stay permitted in their visa. Currently, most visit visas are valid for ten years, multiple entries and stays of up to one month. Fines are charged for each day overstayed; the fine is currently ten Kuwait Dinars per day, per person (approximately US\$34).

Visitors to Kuwait should be aware of the dangers presented by unexploded land mines and other ordnance throughout the country. Stay on main roads and do not travel on unpaved roads; avoid open areas and deserts. U.S. citizens should not go near the border with Iraq and should be very careful when traveling north and west of Kuwait City.

Kuwait's crime rate is moderate and violent crime is rare. Crime against the American community is low. Sexual harassment of women does occur, and suitable precautions should be taken. Visitors to Kuwait should dress conservatively, exercise prudent security measures and be sensitive to social and cultural norms in this conservative Muslim country. Use of narcotics is increasing in Kuwait, and visitors found with illegal narcotics or substances are subjected to tough criminal

penalties. Vehicle accidents and deaths are particularly high in Kuwait. Good road surfaces, powerful cars and light enforcement of traffic regulations combine to make speeding commonplace and driving hazardous.

No alcohol, pork products, or pornographic materials may be imported into or used in Kuwait. If prohibited items are discovered in a traveler's effects, he or she may be arrested and prosecuted.

Holidays:

Government offices close on a number of occasions, including but not restricted to, the following: New Year's Day; Kuwait National Day (February 25); Kuwait Liberation Day (Feb. 26); and a number of Islamic holidays. Government offices operate with very limited business hours during the holy month of Ramadan (the dates of which vary from one year to the next).

Appointments should not be scheduled on Thursdays and Fridays. Official and business visits are not encouraged in Ramadan.

Business Infrastructure (e.g. Transportation, Language, Communications, Housing, Health, Food, etc.)

Transportation:

The road system in Kuwait is modern, well lit and easily navigated by car. U.S. visitors should be aware, however, that there may not be any street addresses in older sections of Kuwait City. It is always best to call ahead to confirm directions and the exact location of the company or ministry one intends to visit. Public transportation is neither air conditioned or reliable. Air-conditioned taxis are readily available at major hotels or taxi stands. Orange taxis should be avoided as they are used as commuter shuttles by day laborers. Their drivers are almost illiterate. Car rental is also readily available to U.S. visitors with a valid U.S. driver's license (which permits one to drive in Kuwait for the duration of the visitor's visa). U.S. motorists should be careful of Kuwait's traffic conditions, which are often dangerous as a result of local drivers' fast driving, large vehicles and limited adherence to traffic regulations.

Language:

Arabic is the official language in Kuwait. English is the second language for most of the expatriate community and the principal language of the business community.

Communications:

Kuwait has a good communications network. It is possible to make calls from Kuwait to any part of the world from apartments (for residents), from offices, and from any hotel. Faxes may be sent from the business centers of leading local hotels, such as the Sheraton Kuwait Hotel, Holiday Inn Crowne Plaza Kuwait Hotel, Safir International Hotel, Le Meridien Kuwait Hotel or Radisson SAS Kuwait Hotel.

Secretarial support is available in business centers at five-star hotels. One page of typing of English text costs approximately US\$5.00. A business executive hotel guest may use these services on a walk-in basis. Written translation from English to Arabic text or vice versa costs approximately US\$17.00 per document up to a maximum of 350 words per document. Oral translation costs about \$336.00 per day.

Housing:

Foreigners visiting Kuwait will have no problem finding modern, spacious and air conditioned housing. There are numerous luxurious residential complexes, villas, and apartments. Short-term visitors may stay in hotels, or in furnished apartments which are usually rented for minimum stays of one week. Public water and electricity are presently subsidized by the Kuwait government; consumers are charged KD 0.800 (US\$2.70) for 1,000 Imperial gallons of water and KD 0.002 (US\$0.07) per kilowatt-hour of electricity. The Ministry of Electricity and Water is preparing for increasing power prices. Local telephone service is free as a result of subsidies, however there is an annual service charge of 30 KD on each telephone line.

The approximate cost of a medium-size hospitality function at a five-star hotel would be US\$20-40/guest for a first-class function. A week's notice is required for such functions.

Health:

U.S. business visitors to Kuwait should encounter few health problems apart from coping with the extreme heat and large amounts of dust during the summer months. Although tap water is safe to drink, it is recommended to use bottled water as an added precaution. Food in Kuwait, including salads and dairy products, is generally fresh and healthful; there are many fine restaurants.

The quality of medical care in Kuwait will vary depending on the facility, the personnel on duty and the nature of the medical problem. Although many medications are available in the country, visitors are advised to bring enough prescription medication (as well as a signed prescription) for their entire stay. Visitors should consider purchasing short term medical insurance which includes a medical evacuation option in the event of a medical emergency which requires treatment in the U.S. Should medical care be required while in Kuwait, there are two options: the government system or the private sector. For routine care in the government system, access is through the polyclinic (neighborhood clinic) located in the district in which you reside. For emergency care, you may access any government hospital casualty (emergency) room. There are seven regional hospitals and numerous suburban polyclinics run by the Ministry of Public Health. A civil ID card is required to receive care in the government system (in an emergency a passport is sufficient). The Ministry of Health will shortly apply compulsory medical insurance on all expatriates living in the country.

The private sector has several clinics and hospitals that operate on a fee-for-service basis. It is important to be a cautious consumer. Ask for the name, action and side effects of any medication prescribed. Volunteer useful information such as allergies, medication currently taken, and medical history. Should hospitalization be necessary,

request a copy of your medical record, or a medical summary to take with you upon discharge. It is important to plan ahead. Do not wait for an emergency to develop a plan of action.

Food:

In addition to Middle Eastern cuisine, local restaurants offer a wide variety of international food, including French, Italian, Indian, Chinese, Japanese, Mexican and American (fast food). Food is under the strict supervision of the health department of the Municipality. Imported food supplies cannot be cleared without a certificate from health authorities.

X: APPENDICES

Appendix A: Country Data

-Population: According to the census of April 1995, Kuwait's most recent official count, Kuwait's population was 1.58 million (1). According to more recent figures supplied by the Ministry of Planning, the June 1998 population estimate is 2.238 million.

-Population Growth Rate (percent): As of June 1998 population growth-rate was estimated to be 3.63 percent for Kuwaitis and 3.96 percent for the total population (1).

-Religion(s): Kuwait is an Islamic state and the vast majority of the population is Muslim. Other major religions in Kuwait are Christianity, Hinduism and Buddhism.

-Government System: An Amir, in conjunction with a freely elected National Assembly rules Kuwait. Both are provided for in Kuwait's Constitution.

-Languages: Arabic is the official language of the state, however, English is widely used by the business community.

-Work Week: The public sector: Saturday through Wednesday. The private sector: Saturday through Thursday. The banking and financial sector: Sunday through Thursday.

Sources:

(1): Ministry of Planning, Central Statistical Office

Appendix B: Domestic Economy

(Estimates in US\$ Millions except where noted)

	1997	1998	1999 (Est.)
-GDP (1) ***	30,238	25,314	27,084
-GDP Growth Rate (%)	(.2)	(16.3)	7.0
-GDP Per Capita (US\$) ***	15,272	12,151	11,584
-Government Spending as percent of GDP (2) ***	43.4	56.9	51.8
-Inflation (%) (3) ***	.7	.2	.9

-Unemployment (%)* ***	1.3	1	.7
-Foreign Exchange Reserves			
** (4) ***	3,486	3,623	3,646
-Average Exchange Rate for			
US\$ 1.00 (5) ***	.304	.305	.303
-Foreign Sovereign Debt (6)			
A) Medium/Long Term Debt	425.3	244.7	137.7
B) Short Term Debt	0	0	0
Total Foreign Debt	425.3	244.7	137.7
Debt Service Payment:			
A) Interest Paid	0	0	0
B) Amortization Paid	180.6	107	91.8
Total Debt Service	180.6	107	91.8
U.S. Economic/Military			
Assistance	NA	NA	NA

* Embassy Note: This reflects frictional unemployment among Kuwaiti citizens. Unemployment, whether frictional or real, among expatriate workers is not reflected. Underemployment is not reported in Kuwait.

** Excluding Gold.

*** U.S. Embassy estimates for 1999.

Sources of 1998 data:

- (1): Ministry of Planning, Central Statistical Office.
- (2): Kuwait's Budgets for FY's 97/98, 98/99 and 99/2000.
- (3): Unofficial.
- (4): Monthly Monetary Statistics, March 1999, Central Bank of Kuwait (CBK).
- (5): Monthly Monetary Statistic, March 1999, CBK.
- (6): Kuwait Investment Authority.

Appendix C: Trade (1996-1998)

(Estimated in US\$ Millions except where noted)

	1997	1998	1999
-Total Country Exports	14,200	14,100	14,300 *(E)
-Total Country Imports	8,300	8,100	8,300(E)
-U.S. Exports	1,394	1,600(E)	1,650(E)
-U.S. Imports	1,998	1,600(E)	1,650(E)

*(E): Estimate

Appendix D: U.S. Investment

-\$110 million (U.S. Department of Commerce 1995 data)

Post is aware of the following U.S. joint ventures in Kuwait:

- Blount, Inc. / Boodai Construction(West Point Engineering)
- Carrier Corporation / Morad Yousuf Behbehani (Kuwait American Air Conditioning, K.S.C.)
- DMJM International / Project Management and Control(PMF)
- General Dynamics Land Systems / Kuwait Coastal International (Kuwait Dynamics Limited)

- Halliburton-Smith & MI Drilling Fluids / Kuwaiti Investors
(Dresser (Kuwait) S.A.K.)
- Honeywell, Inc. / A.H. Al-Sagar & Brothers(Honeywell, K.S.C.)
- Hughes International Corporation / Dhow Holding Company
(Gulf Industrial Technology, K.S.C.)
- Information Handling Services / National Consulting Bureau
(IHS/NCB Joint Venture)
- J.A. Jones Construction Co. / Kuwait United Construction
Mgmt.(J.A. Jones/KUCM Joint Venture)
- Metcalf & Eddy / KEO International Consultant(ME/KEO Joint Venture)

- Motorola International Service / Al-Khaldiya Electronics
(Advanced International Electronic Equipment Company, W.L.L.)
- Sprint International / Ministry of Communications(Kuwait Electronic
Messaging Services)
- T-Com / Delta Group(T-Com Limited)
- Telos Corporation / Al-Khaldiya Electronics(Telos International
Limited)
- Turner Construction Company / Project Analysis & Control
Systems Company (Turner-Projacs)
- Union Carbide Corporation / Petrochemical Industries Company
(Equate)

Appendix E: U.S. and Country Contacts

U.S. Embassy Trade Related Contacts

Senior Commercial Officer: Robert J. Bucalo
Tel: (965) 539-5307, Ext. 2354 Fax: (965) 538-0281

Commercial Attache: Charles Winburn
Tel: (965) 539-5307, Ext. 2563 Fax: (965) 538-0281

Senior Commercial Specialist: Kamal M. Zaher
Tel: (965) 539-5307, Ext. 2506 Fax: (965) 538-0281

Commercial Assistant: Abdulla Mejalli
Tel: (965) 539-5307, Ext. 2487 Fax: (965)538-0281

Commercial Assistant: Vacant
Tel: (965) 539-5307 Fax: (965) 538-0281

Agricultural Trade Office Dubai
P.O.Box 9343
Dubai, U.A.E.
Tel: (971-4) 314-063, Fax: (971-4) 314-998
E-mail: atodubai@emirates.net.ae
Home page: <http://www.usembabu.gov.ae/atodubai.htm>
Contact: Ron Verdonk, Regional Director
(Covers: Bahrain, Kuwait, Oman, Qatar and U.A.E.)

The Public Authority for Agricultural Affairs and Fish Resources
Contact: Mr. Mohammad Al-Sayed Abdul Mohsen Al-Rifai
Title: Chairman of the Board and Director General
P.O.Box 21422, Safat
13075 Kuwait
Tel: (965) 476-1116/7/8/9

Fax: (965) 476-5551

Trade Assistance and Promotion Office (TAPO)
Foreign Agricultural Service (FAS)
U.S. Department of Agriculture
Ag Box 1052
Washington, DC 20250-1052
Tel: 202-720-7420
Fax: 202-690-4374

The FAS home page address on Internet is <http://www.fas.usda.gov>.

AMCHAM and/or Bilateral Business Councils

American Business Council-Kuwait
Contact: Mr. Michael Harris
Title: President
C/O The American Embassy Kuwait
P.O. Box 77 Safat
13001 Kuwait

Tel: (965) 487-8822 x 5710
Fax: (965) 487-8822 x 5719

National U.S.-Arab Chamber of Commerce
Contact: Mr. Richard P. Holmes
Title: President
1100 New York Avenue, N.W.
East Tower, Suite 550
Washington, DC 20005
Tel: (202) 289-5920
Fax: (202) 289-5938

Middle East Policy Council
Contact: Mr. George McGovern
Title: President
1730 M Street, N.W.
Suite 512
Washington, DC 20036
Tel: (202) 296-6767
Fax: (202) 296-5791

National Council on U.S.-Arab Relations
Contact: Dr. John Duke Anthony
Title: President and Chief Executive Officer
1140 Connecticut Avenue, N.W.
Washington, DC 20006
Tel: (202) 293-0801
Fax: (202) 293-0903

Country Trade or Industry Associations in Key Sectors

The Kuwait Chamber of Commerce and Industry
represents all businesses in Kuwait.
Contact: Mr. Ahmad R. Al Haroun
Title: Director General
P.O. Box 775 Safat

13008 Kuwait
 Tel: (965) 243-5801
 Fax: (965) 240-4110

The Public Authority for Agricultural Affairs and Fish Resources
 Contact: Mr. Mohammad Al-Sayed Abdul Mohsen Al-Rifai
 Title: Chairman of the Board and Director General
 P.O. Box 21422, Safat
 13075 Kuwait
 Tel: (965) 476-1116/7/8/9
 Fax: (965) 476-5551

Country Government Offices Relating to Key Sectors and/or
 Significant Trade Related Activities:

Crown Prince and Prime Minister:
 Shaikh Saad Al-Abdulla Al-Salem Al-Sabah
 Thru: Shaikh Faisal H. Al Sabah, PR Director
 P.O. Box 4, Safat
 13001 Kuwait
 Tel: (965) 539-0211
 Fax: (965) 539-4060

First Deputy Prime Minister/Minister of Foreign Affairs
 Shaikh Sabah Al Ahmad J. Al Sabah

Thru: Amb. Ahmad Al Fahed, Director
 P.O. Box 3, Safat
 13001 Kuwait
 Tel: (965) 244-8098/6
 Fax: (965) 243-0559

Deputy Prime Minister/Minister of Defense
 Minister: Shaikh Salem Sabah Al-Sabah
 Thru: BG Yacoub Al-Sewaiti, Office Director
 P.O. Box 1170, Safat
 13012 Kuwait
 Tel: (965) 483-1570
 Fax: (965) 483-7601

Minister of Finance & Communications
 Shaikh Ahmad Abdullah Al-Ahmad Al-Sabah
 Thru: Mr. Fahed Al-Oudeh, Office Director
 P.O. Box 9, Safat
 13001 Kuwait
 Tel: (965) 241-0513
 Fax: (965) 243-4862

Deputy Prime Minister/Minister of State for Cabinet Affairs/Minister of
 State for National Assembly Affairs
 Mr. Mohammad Dhaifallah Sharar
 Thru: Mr. Abdullah Al Aslawy, Office Director
 P.O. Box 1397, Safat
 13014 Kuwait
 Tel: (965) 245-5118
 Fax: (965) 242-0931

Minister of State for Foreign Affairs
 Mr. Suleiman Majed Al-Shahin
 (This is a new portfolio. Contact information is not available at present).

Minister of Commerce and Industry/Minister of Social Affairs & Labor
 Mr. Abdulwahab Al-Wazzan
 Thru: Mr. Abdullah Al-Hajeri, Office Director
 P.O. Box 2944, Safat
 13030 Kuwait
 Tel: (965) 246-9131
 Fax: (965) 242-1826

Minister of Education/Minister of Higher Education
 Dr. Yousef Hamad Al-Ibrahim
 Thru: Mr. Abdullah Rashed Suleiman, Office Director
 P.O. Box 7, Safat
 13001 Kuwait
 Tel: (965) 483-7890
 Fax: (965) 483-7601

Minister of Electricity & Water/Minister of State for Housing/
 Minister of Awkaf & Islamic Affairs
 Dr. Adel Khaled Al-Subaih
 Thru: Mr. Waleed Al Saleem, Office Director
 P.O. Box 12, Safat
 13001 Kuwait
 Tel: (965) 488-2991
 Fax: (965) 488-5710

Minister of Information
 Dr. Saad bin Tefla Al-Ajmi
 Thru: Mr. Turki Al-Thaydi, Office Director
 P.O. Box 193, Safat
 13002 Kuwait
 Tel: (965) 245-1566
 Fax: (965) 245-9530

Minister of Interior
 Shaikh Mohammed Khaled Al Sabah
 Thru: LTC Bashir Al Enizi, Office Director
 P.O. Box 11, Safat
 13001 Kuwait
 Tel: (965) 242-4007
 Fax: (965) 243-5771

Minister of Justice
 Dr. Saad Jassem Y. Al-Hashel
 Thru: Mr. Falah Ajeel Al-Helfi, Office Director
 P.O. Box 6, Safat
 13001 Kuwait
 Tel: (965) 246-5677
 Fax: (965) 240-1556

Minister of Oil
 Shaikh Saud Nasser Al-Sabah

Thru: Mr. Suhail Al Mutairi, Office Director
P.O. Box 5077, Safat
13051 Kuwait
Tel: (965) 245-4545
Fax: (965) 241-0521

Minister of Planning & Minister of State for Administrative
Development
Dr. Mohammad Ibteihan Al-Duwaihes
Thru: Mr. Mohammad Belal, Office Director
P.O. Box 15, Safat
13001 Kuwait
Tel: (965) 242-6077
Fax: (965) 240-6984

Minister of Public Health
Dr. Mohammad Ahmad Al-Jarallah
Thru Mr. Wugayan Al Wugayan, Office Director
P.O. Box 5, Safat
13001 Kuwait
Tel: (965) 242-2131
Fax: (965) 241-9678

Minister of Public Works
Mr. Eid Hathal Al-Rashidi
Thru: Mr. Mishal Al-Hebaishi, Office Director
P.O. Box 8, Safat
13001 Kuwait
Tel: (965) 244-9300

Fax: (965) 242-4335

Kuwait Municipality
Contact: Abdel Rahman Al-Duaij
Title: Director General
P.O. Box 10, Safat
13001 Kuwait
Tel: (965) 241-0725/245-4525
Fax: (965) 240-0012

Embassy of Kuwait in the United States
2940 Tilden Street, N.W.
Washington, DC 20008
Tel: (202) 966-0702
Fax: (202) 966-0517

Consulate of Kuwait
321 E. 44th Street
New York, NY 10017
Tel: (212) 973-4300
Fax: (212) 966-0517

Country Market Research Firms:

Focus Marketing Consultancy Ltd.
Contact: Dr. Camille Gedeon

Title: Managing Partner
 P.O. Box 9650, Salmiya
 22097 Kuwait
 Tel: (965)242-4058 242-2506 245-1759 243-1128
 Fax: (965)240-1595 or 241-1179
 ICA Corporate Research
 Contact: Mr. Ziad Al-Hussaini
 Title: General Manager
 P.O. Box 29883 Safat
 13159 Kuwait
 Tel: (965) 246-3177
 Fax: (965) 246-3155
 E-Mail: ica@kuwait.net

Pan Arab Research Center (PARC) (Gallup International Affiliate)
 Contact: Mr. Khaled Shahouri
 Title: Marketing Manager
 P.O. Box 24744 Safat
 13108 Kuwait
 Tel: (965) 245-0783/245-0784
 Fax: (965) 245-0786

Al-Shall Economic Consultants
 Contact: Mr. Jassim Al-Sadoun
 Title: Managing Director
 P.O. Box 5935 Safat
 13060 Kuwait

Tel: (965) 245-1535
 Fax: (965) 242-2619

Country Commercial Banks:

Al-Ahli Bank
 Contact: Mr. Nasser A. Malek
 Title: General Manager
 P.O.Box 1387 Safat
 13014 Kuwait
 Tel: 965-240-0900
 Fax: 965-242-4557

Bank of Bahrain and Kuwait
 Contact: Mr. Michael Khazen
 Title: Acting General Manager
 P.O. Box 24396 Safat
 13104 Kuwait
 Tel: 965-241-7140
 Fax: 965-244-0937

Bank of Kuwait & the Middle East
 Contact: Saleh Mubarak Al Falah
 Title: Chairman & Managing Director
 P.O.Box 71 Safat
 13001 Kuwait
 Tel: 965-245-9771
 Fax: 965-246-1430

Burgan Bank
 Contact: James McNie
 Title: General Manager
 P.O.Box 5389 Safat
 13054 Kuwait
 Tel: 965-243-9000
 Fax: 965-246-2516

Commercial Bank of Kuwait
 Contact: Jamal Al-Mutawa
 Title: Acting General Manager & CEO
 P.O.Box 2861 Safat
 13029 Kuwait
 Tel: 965-241-1001
 Fax: 965-245-0150

Industrial Bank of Kuwait
 Contact: Saleh Al Yousef
 Title: Chairman & Managing Director
 P.O.Box 3146 Safat
 13032 Kuwait
 Tel: 965-245-7661
 Fax: 965-246-2057

Kuwait Finance House
 Contact: Mr. Bader A. Mukhazeem
 Title: Managing Director
 P.O.Box 24989 Safat
 13110 Kuwait
 Tel: 965-244-5050
 Fax: 965-240-9414

Kuwait Real Estate Bank
 Contact: Wafaa Al Qatami

Title: Acting General Manager
 P.O.Box 22822 Safat
 13089 Kuwait
 Tel: 965-245-8177
 Fax: 965-246-2516

National Bank of Kuwait
 Contact: Ibrahim Dabdoub
 Title: Chief General Manager
 P.O.Box 95 Safat
 13001 Kuwait
 Tel: 965-242-2011
 Fax: 965-245-9032

The Gulf Bank
 Contact: Ziad F. Sarawan
 Title: Chief General Manager
 P.O.Box 3200 Safat 13032 Kuwait
 Tel: 965-244-9501
 Fax: 965-244-5212

Washington-based U.S. Government Country Contacts

Kuwait Desk Officer - Cherie Loustaunau
 U.S. Department of Commerce
 14th & Constitution Ave., N.W.
 Washington, DC 20230
 Tel: (202) 482-5506
 Fax: (202) 482-0878

FCS Regional Director - Ann Bacher
 U.S. Department of Commerce
 14th & Constitution Ave., N.W.
 Washington, DC 20230
 Tel: (202) 482-4836
 Fax: (202) 482-5179

Public Affairs Office
 U.S. Army Corps of Engineers
 Middle East Division
 P.O. Box 2250
 Winchester, VA 22601-1450

TPCC Trade Information Center
 Tel: 1-800-USA-TRADE

Trade Assistance and Promotion Office (TAPO)
 Foreign Agricultural Service (FAS)
 U.S. Department of Agriculture
 Ag Box 1052
 Washington, DC 20250-1052
 Tel: 202-720-7420
 Fax: 202-690-4374

The FAS home page address on Internet is <http://www.fas.usda.gov>

Appendix F: Market Research

TRADE, INDUSTRY AND CONTACT INFORMATION AVAILABLE FROM FCS KUWAIT

A. Lists of Agents/ Distributors:

1. Agriculture
2. Air Conditioning
3. Auto Spare Parts
4. Building Materials and Building Contracting
5. Chemicals
6. Cleaning Services
7. Computers
8. Cosmetics, Perfumes, and Skin Care Products
9. Defense

10. Electrical Power Generation Equipment and Services
11. Engineering and Consulting Firms
12. Financial Institutions
13. Freight Forwarders/Shipping
14. Home Furniture
15. Kitchen Equipment
16. Medical Equipment
17. Oil and Gas Equipment
18. Operation and Maintenance Services
19. Printing Equipment and Supplies
20. Safety and Security Companies
21. Telecommunications
22. Travel Agents

B. Industry Sub-sector Analyses (ISA's)

1. Air Conditioning Equipment (June 1998)
2. Auto Spare Parts (July 1994)
3. Building Products (July 1999)
4. Computer Equipment (April 1998)
5. Construction Machinery and Equipment (September 1994)
6. Construction Services (July 1995)
7. Cosmetics (June 1997)
8. Electric Power Systems (September 1994)
9. Franchises (January 1998)
10. Environmental Control (June 1998)
12. Home Furniture (September 1996)
13. Industrial Process Controls (September 1994)
14. Laboratory Instruments (April 1995)
15. Management Consulting Services (August 1997)

16. Maternity and Nursery Products (January 1995)
17. Medical Equipment and Supplies (June, 1999)
18. Oil and Gas Machinery and Services (July 1994)
19. Paper and Paperboard (April 1997)
20. Perfumes & Skin Care Products/Makeup (September 1994)
21. Pharmaceuticals (September 1994)
22. Plastic Machinery (May 1997)
23. Pleasure Boats and Accessories (August, 1999)
24. Security Equipment (June 1997)
25. Sporting Equipment (September 1996)
26. Telecommunications Services (September 1995)
27. Toys or Games (April 1997)
- C. FCS Kuwait Special Reports:
 1. Air Defense System Purchase (June 1996)
 2. Arms Purchase Procedures Clean-up Project (January 1997)
 3. Commissions on State Contracts (September 1996)
 4. Country Data
 5. Country Reports on Economic Policy and Trade Practices
 6. Export-Import Bank Programs and Information
 7. Imports from Kuwait
 8. Intellectual Property Right Protection Law (August 1996)
 9. Investment Climate (July 1997)
 10. Law No. 25 Disclosure of Commissions
 11. Leading Sectors for U.S. Exports & Investments
 12. Merchandise Trade - U.S. Exports by Country
 13. Oil Contamination Clean-up Project (January 1997)
 14. Political Environment
 15. Power Consultants (August 1996)
 16. Proposed Cuts in Foreign Corporate Tax (August 1996)

17. Total Mid-Year Population & Projections to 2050
18. Trade
19. Trade and Project Planning
20. Trade Event Schedule
21. Trade Regulations & Standards
22. U.S. and Country Contacts
23. U.S. Trade by Commodity with Kuwait
24. World Fact book

Note: FCS reports are available on the National Trade Data Bank.

2. List of Agricultural Reports

- Annual Marketing Plan
- Agricultural Export Opportunities Update Reports
- American Food Directory in the GCC-5
- Guide for Doing Business in the Gulf
- Update of U.S. Agricultural Exports to the GCC-5
- GCC-5 Food Retail Sector Report
- Kuwait Food and Agricultural Import Regulations and Standards
- Hotels and Restaurants Sector in the Gulf Region
- GCC-5 Dry Pulses Market Brief
- GCC-5 Food Industry Report
- GCC-5 Ice Cream Production
- Kuwait Annual Poultry Meat Report
- Kuwait Frozen Vegetables Market Brief

Note: Agricultural Reports are available from the Reports Office, USDA/FAS, Ag Box 1052, Washington, DC 20250-1052 and from the FAS Home Page on the Internet at the following URL:
<http://www.fas.usda.gov>

Appendix G: Trade Event Schedule

FCS Kuwait Plans to Organize Kuwaiti Buyer Delegations to Attend the Following U.S. Trade Shows:

1. Agricultural Trade Event Schedule

Event: MEFEX 2000 (Regional)
 Sector: FOD
 Date: February 26-29, 2000
 Location: Manama, Bahrain

USG involvement in recruiting/promoting: no

Event: The FMI 2000 Supermarket Industry Convention & Educational Exposition/NASDA U.S. Food Export Showcase

Sector: FOD

Date: May 7-10, 2000

Location: Chicago, IL

USG involvement in recruiting/promoting: yes

Event: The NRA 2000 Restaurant, Hotel, Motel Show

Sector: FOD

Date: May 20-24, 2000

Location: Chicago, IL

USG involvement in recruiting/promoting: No

Event: Gulf Food 2001 Food & Equipment Exhibition (Regional)

Sector: FOD

Date: February 25-28, 2001

Location: Dubai, U.A.E.

USG involvement in recruiting/promoting: yes

Note: All major U.S. food and agricultural exhibitions are listed on the FAS Home Page on the Internet at the following URL:

<http://www.fas.usda.gov>

2. Trade Event Schedule - Non-Agricultural Sectors

Event: NAFEM

Sector: Food Equipment

Date: September 30-Oct 2, 1999

Location: Dallas, Texas

USG involvement in recruiting/promoting: Yes

Event: Beauty & Barber Show

Sector: Beauty Products

Date: August 4-7, 1999

Location: Las Vegas, Nevada

USG involvement in recruiting/promoting: Yes

Event: International Home Furnishings Market

Sector: Home Furnishings (FUR)

Date: October 14-22, 1999

Location: High Point, North Carolina

USG involvement in recruiting/promoting: Yes

Event: Comdex/Fall

Sector: Computers & Peripherals (CPT)

Date: November 15-19, 1999

Location: Las Vegas, Nevada

USG involvement in recruiting/promoting: Yes

Event: Greater New York Dental Meeting

Sector: Dental Equipment & Supplies (DNT)

Date: November 26 - December 1, 1999

Location: New York City, New York

USG involvement in recruiting/promoting: Yes

Event: The International Builders' Show/Construction Expo

Industry: Building & Construction (BLD/ICCON)
 Date: January 14-17, 2000
 Location: Dallas, Texas
 USG involvement in recruiting/promoting: Yes

Event: International Consumer Electronics Show
 Sector: Consumer Electronics (CEL)
 Date: January 17-21, 2000
 Location: Las Vegas, Nevada
 USG involvement in recruiting/promoting: Yes

The Super Show
 Sector: Sporting goods (SPT)
 Date: February 10-13, 2000
 Location: Atlanta, Georgia
 USG involvement in recruiting/promoting: Yes

Event: MAGIC International
 Industry: Apparel (APP)
 Date: February 14-17, 2000
 Location: Las Vegas, Nevada
 USG involvement in recruiting/promoting: Yes

Event: IMS Expo/2000 International Manufacturing Software
 Sector: Computer Software (CSF)
 Date: March 28-30, 2000
 Location: Las Vegas, Nevada
 USG involvement in recruiting/promoting: Yes

Event: International Franchise Expo
 Industry: Franchising (FRA)
 Date: April, 2000
 Location: Washington, DC
 USG involvement in recruiting/promoting: Yes

Event: Offshore Technology Conference
 Industry: Oil and Gas Machinery & Equipment: (OGM)
 Date: May 1-4, 2000
 Location: Houston, Texas
 USG involvement in recruiting/promoting: Yes

Event: The 81st Annual National Restaurant Association Restaurant,
 Hotel Motel Show
 Industry: Hotel and Restaurant Equipment (HTL)
 Date: May 20-23, 2000
 Location: Chicago, Illinois
 USG involvement in recruiting/promoting: Yes

Event: ASTD 2000
 Sector: Education & Training (EDS)
 Date: May 20-25, 2000
 Location: Dallas, Texas
 USG involvement in recruiting/promoting: Yes

Event: Supercomm 2000

Industry: Telecommunications (TEL)
Date: June 4-8, 2000
Location: Atlanta, Georgia
USG involvement in recruiting/promoting: Yes

Event: NPE 2000, SPI Int'l Tradeshow for the World Plastics, Industry
Industry: Plastics materials & Resins (PMR)
Date: June 19-23, 2000
Location: Chicago, Illinois
USG involvement in recruiting/involvement: Yes

Note: Because trade event schedules may change, firms should consult the FCS Export Promotion Calendar on the NTDB or contact FCS Kuwait for the latest information.

End of Document